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**Chapter 43.20. ALASKA NET INCOME TAX ACT****Article 01. PERSONS SUBJECT TO TAX**

Sec. 43.20.010. Tax on individuals, fiduciaries, and corporations. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.011. Tax on corporations.

(a) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(b) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(c) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(d) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(e) There is imposed for each taxable year upon the entire taxable income of every corporation derived from sources within the state a tax computed as follows:

<table>

If the taxable income is Then the tax is:

Less than \$10,000 1 percent of the taxable income

\$10,000 but less than \$20,000 \$100 plus 2 percent of the taxable
income over \$10,000

\$20,000 but less than \$30,000 \$300 plus 3 percent of the taxable
income over \$20,000

\$30,000 but less than \$40,000 \$600 plus 4 percent of the taxable
income over \$30,000

\$40,000 but less than \$50,000 \$1,000 plus 5 percent of the taxable

income over \$40,000

\$50,000 but less than \$60,000 \$1,500 plus 6 percent of the taxable

income over \$50,000

\$60,000 but less than \$70,000 \$2,100 plus 7 percent of the taxable

income over \$60,000

\$70,000 but less than \$80,000 \$2,800 plus 8 percent of the taxable

income over \$70,000

\$80,000 but less than \$90,000 \$3,600 plus 9 percent of the taxable

income over \$80,000

\$90,000 or more \$4,500 plus 9.4 percent of the

taxable income over \$90,000.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

Sec. 43.20.012. Limitation on application of chapter; credits.

The tax imposed by this chapter does not apply to individuals or to fiduciaries. However, an individual may file a return under this chapter in order to receive a tax credit under [AS 43.20.013](#).

Sec. 43.20.013. Individual tax credits.

(a) A resident individual is entitled to a tax credit not to exceed \$100 for

(1) a contribution made in a calendar year to a person or organization for use exclusively

(A) for a political campaign for a candidate for

(i) President or Vice President of the United States, whether or not the candidate

will be voted on in a primary election in Alaska;

- (ii) United States senator from Alaska;
- (iii) United States representative from Alaska;
- (iv) governor or lieutenant governor of Alaska;
- (v) the Alaska legislature;
- (vi) delegate to an Alaska constitutional convention;
- (vii) electoral confirmation as a judge or justice of a court in Alaska; or
- (viii) municipal office in Alaska; or

(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.

(b) A resident individual is entitled to a tax credit equal to 16 percent of the tax credit claimed by the individual on the federal income tax return of the individual for household and dependent care services necessary for gainful employment.

(c) The commissioner shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in [AS 43.20.012](#). A credit under this section shall be paid in the manner provided in [AS 43.20.030](#) (e) for the payment of refunds and payment may not be made without an appropriation for that purpose.

Sec. 43.20.014. Income tax education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a taxpayer is allowed as a credit against the tax due under this chapter

- (1) 50 percent of contributions of not more than \$100,000; and
- (2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991]*.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.55.019](#), [AS 43.56.018](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

Sec. 43.20.015. Individual tax credit. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.016. Sharing of corporate income tax revenue with municipalities. [Repealed, Sec. 88 ch 74 SLA 1985].

Repealed or Renumbered

Sec. 43.20.017. Individual tax exemptions. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.018. Alaska veterans' memorial endowment fund contribution credit. [Repealed, Sec. 25 ch. 46 SLA 2002].

Repealed or Renumbered

Sec. 43.20.020. Exemptions. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.021. Internal Revenue Code adopted by reference.

(a) Sections 26 U.S.C. 1 - 1399 and 6001 - 7872 (Internal Revenue Code), as amended, are adopted by reference as a part of this chapter. These portions of the Internal

Revenue Code have full force and effect under this chapter unless excepted to or modified by other provisions of this chapter.

(b) For purposes of calculating the federal tax payable on personal holding companies provided for in the provisions of 26 U.S.C. 541 (Internal Revenue Code), the rate is 12.6 percent.

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of 26 U.S.C. 1201 (Internal Revenue Code), the rate is 4.5 percent for corporations.

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska. This limitation does not apply to a special industrial incentive tax credit under AS 43.20.042.

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) For the purpose of calculating the alternative minimum tax on tax preferences provided for in 26 U.S.C. 55 - 59 (Internal Revenue Code), the tax is 18 percent for corporations of the applicable alternative minimum federal tax.

(g) For purposes of calculating the accumulated earnings tax as provided in 26 U.S.C. 531 (Internal Revenue Code), the rate is 4.95 percent of the first \$100,000 of accumulated taxable income and 6.93 percent of accumulated taxable income in excess of \$100,000.

(h) Nothing in this chapter or in AS 43.19 (Multistate Tax Compact) may be construed as an exception to or modification of 26 U.S.C. 883.

(i) The provision in (h) of this section does not apply to commercial passenger vessels as defined in [AS 43.52.295](#).

Sec. 43.20.030. Returns and payment of taxes.

(a) If a corporation, or a partnership that has a corporation as a partner, is required to make a return under the provisions of the Internal Revenue Code, it shall file with the department, within 30 days after the federal return is required to be filed, a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of this chapter

that the department requires.

(b) The return shall either be on oath or contain a written declaration that it is made under penalty of perjury, and the department shall prescribe forms accordingly.

(c) Notwithstanding (a) of this section, the total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service.

(d) A taxpayer, upon request by the department, shall furnish to the department a true and correct copy of the tax return which the taxpayer has filed with the United States Internal Revenue Service. Every taxpayer shall notify the department in writing of any alteration in, or modification of, the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency, whether with or without assessment. A full statement of the facts must accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund by a disbursement issued under a voucher approved by the department.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

Sec. 43.20.031. Deduction of taxes; consolidated returns; accounting methods.

(a) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(b) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income. The taxpayer may deduct the tax levied and paid under AS 43.55.

(d) *[Repealed, Sec. 1 ch 98 SLA 1984].*

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, 26 U.S.C. 1501 - 1552 (Internal Revenue Code), as amended, apply.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) A corporation which is a member of a group of unitary corporations which collectively has income from business activity taxable both inside and outside the state, or income from other sources both inside and outside the state, shall determine its income from sources in this state by use of the combined method of accounting.

Sec. 43.20.033. , 43.20.035. Taxable income of fiduciaries, nonresidents, and part-year residents. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.036. Federal tax deductions and credits.

(a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against tax liability the foreign tax credit allowed as to federal taxes under 26 U.S.C. 27 (Internal Revenue Code).

(b) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against tax liability the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) upon only the first \$20,000,000 of qualified investment, other than qualified investment for a special industrial incentive investment tax credit under [AS 43.20.042](#), put into use in the state for each taxable year. This limitation does not apply to the amounts invested in equipment that meets the definition of a certified pollution control facility as defined in 26 U.S.C. 169 (Internal Revenue Code) as in effect on June 19, 1975, except that the date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condition of qualifying a certified pollution control facility for a deduction does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from tax liability the tax exemption for domestic international sales corporations under 26 U.S.C. 991 (Internal Revenue Code), except

those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(j) For purposes of calculating the tax payable under this chapter, a deduction under 26 U.S.C. 170 may only be taken if payment is made on or before the last day of the taxable year.

Sec. 43.20.037. [Repealed, Sec. 50 ch 83 SLA 1980].

Repealed or Renumbered

Sec. 43.20.038. - 43.20.039. Residential fuel and residential fuel conservation credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.040. Income from sources in the state.

(a) In this chapter, income from sources in the state includes

(1) income from real or tangible personal property located in the state;

(2) income of whatever nature from a business, trade or profession having a business situs in the state and compensation for services rendered in the state;

(3) income from stocks, bonds, notes, bank deposits, and other intangible personal property having a taxable or business situs in the state;

(4) rentals and royalties for the use of or for the privilege of using, in the state, patents, copyrights, secret processes and formulas, good will, marks, trade brands, franchises, and other property having a taxable or business situs in the state.

(b) In this section, income is from a source having a taxable or business situs in the state if it is derived from

(1) owning or operating business facilities or property in the state;

(2) conducting business, farming, or fishing operations in the state;

(3) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

(4) a partnership which transacts business in the state;

(5) a corporation which transacts business in the state which has elected to file federal returns under subchapter S of the Internal Revenue Code;

(6) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

(7) engaging in any other activity from which income is received, realized or derived in the state.

(c) The receipt of income derived solely from interest earned on property in the state does not alone establish a taxable or business situs in the state.



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Sec. 43.20.042. Special industrial incentive investment tax credits.

(a) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for a gas processing project: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for an investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "gas processing project" means the integrated plant, facilities, and equipment, including pollution control equipment, used for preparation of consumer or transportation gas, or for conditioning, fractionation, storage, handling or processing of a product, other than crude oil, of an oil or gas well, into liquefied natural gas, methanol, ammonia, urea, olefins, propanes, butanes, polymers and intermediate hydrocarbon products; it does not include a pipeline from oil and gas wells to or from a plant and facilities.

(b) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for exploration, drilling of wells, development, or mining of the minerals and other natural deposits listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand or gravel unless the mining of sand or gravel is ancillary to a mining development involving a qualified natural deposit other than sand or gravel: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for any investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "mining" has the meaning given in 26 U.S.C. 613(c)(2) (Internal Revenue Code).

(c) A taxpayer may not claim an investment tax credit under (a) or (b) of this section unless the gas processing project or mining project began operation and production after

December 31, 1984. A gas processing or mining project is considered to have begun operation and production when the first product or mineral is produced that is ultimately either sold or transferred for further processing or ultimate use.

(d) A taxpayer may not claim an additional investment tax credit under [AS 43.20.036](#)(b) for an investment for which a special industrial incentive investment tax credit is claimed under (a) or (b) of this section.

(e) If a taxpayer making an investment that qualifies for the investment tax credit under this section is a member of a group of affiliated corporations filing a consolidated return under the provisions of this chapter, the amount of the investment tax credit that may be claimed on the consolidated return is limited to the amount the taxpayer making the qualified investment would have been eligible to claim had a consolidated return not been filed.

(f) The investment tax credit per taxable year allowed by (a) and (b) of this section may not exceed 60 percent of the eligible tax liability. Any unused portion of the investment tax credit shall be subject to the carry forward provisions in 26 U.S.C. 46(b) (3) (Internal Revenue Code) except that the unused credit may not be carried forward to tax years beginning after December 31, 1999.

(g) Except as provided in (f) of this section, a tax credit under this section may not be claimed on investments made after December 31, 1994.

(h) In this section "eligible taxes" means the total tax liability of a taxpayer for the annual taxes due under the provisions of this chapter and AS 43.65.

Sec. 43.20.043. Gas exploration and development tax credit.

(a) Subject to the terms and conditions of this section, and in addition to any other credit authorized to the taxpayer by this chapter, a taxpayer that is an operator or working interest owner directly engaging in the exploration for and development of gas may apply as a credit against the state tax liability that may be imposed on the taxpayer under this chapter, for a tax year beginning after December 31, 2002,

(1) 10 percent of the taxpayer's qualified capital investment; and

(2) 10 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment under (1) of this subsection.

(b) Expenditures qualifying for the taxpayer's qualified investment credit under (a) (1) of this section must be

(1) cash expenditures or binding payment agreements entered into after June 30, 2003; and

(2) made for assets first placed in service in the state in or before the tax year in which the credit is claimed through the date the reserves produce gas for sale and delivery; for purposes of this paragraph, "placed in service in the state" means that the first use of the qualified investment is in this state; if the property on which the claim of the credit is based has been used elsewhere in the tax year of acquisition and is brought to this state during that year or a subsequent year, the property does not qualify for the investment credit.

(c) The credit per tax year allowed by (a) of this section may not exceed 50 percent of the taxpayer's total tax liability under this chapter, but shall be calculated before the application of any other credits allowed under this chapter. An unused portion of the credit for the tax year

(1) may be carried forward into one or more of the following tax years, except that the unused credit from one tax year may not be carried forward for more than five following tax years;

(2) shall be applied to the taxpayer's tax liability under this chapter during the following tax year before allowance of a credit allowed by (a) of this section for that following tax year.

(d) To obtain the credit allowed by this section, the taxpayer shall, with the taxpayer's tax return, submit, on a form prescribed by the department, information that demonstrates that the taxpayer is eligible for the credit and evidence of the expenses that are the basis of the claim of the credit. The taxpayer has the burden of demonstrating compliance with the requirements of this section to entitle the taxpayer to the claim of and the amount of the credit.

(e) A taxpayer entitled to a credit under this section

(1) may not convey, assign, or transfer the credit to another taxpayer or business entity unless the conveyance, assignment, or transfer of the credit is part of the conveyance, assignment, or transfer of the taxpayer's business;

(2) forfeits the credit to which the taxpayer is entitled during the tax year and any carryover of it under (c) of this section, but does not forfeit the portion of the credit that accrued in a previous taxable year that may be carried over under (c) of this section, if the taxpayer

(A) disposes of the qualified capital investment;

(B) takes the qualified investment out of service; or

(C) transfers the qualified investment out of this state.

(f) A taxpayer is not entitled to a credit under this section for expenditures that are made or incurred for the qualified capital investment or for qualified services made for exploration and development of gas that occur in the area of Alaska lying north of 68 degrees North latitude or that are made or incurred to transport gas from reserves located in the area of Alaska lying north of 68 degrees North latitude.

(g) A taxpayer who obtains a credit under this section may not claim a tax credit or royalty modification provided for under any other title. However, a taxpayer may, at the taxpayer's election, forgo a credit under this section in order to continue to qualify for a credit provided for in another title.

(h) For purposes of determining allowable credits under this section, the department shall allow only expenditures and payments that are not inconsistent with the expenditures authorized under 26 U.S.C. (Internal Revenue Code) for exploration and development of natural resources.

(i) In this section,

(1) "qualified capital investment" means a cash expenditure or binding payment agreement, as described in (b)(1) of this section, for real property or tangible personal property used in this state in the exploration and development of gas reserves in a gas reservoir for which there has not been commercial production if the reserves produce gas for sale and delivery; in this paragraph, "property" includes

(A) property used in the operation or maintenance of facilities for exploration or development of gas;

(B) property that is placed in use under a capitalized lease or an operating lease; and

(C) the following property used for the exploration and development of gas:

(i) machinery, appliances, supplies, and equipment;

(ii) drilling rigs, wells, gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;

(iii) roads, docks and other port facilities, and helicopter pads;

(iv) maintenance equipment and facilities, and maintenance camps and other related facilities; and

(v) communications facilities owned by a person whose principal business in the state is the exploration for or development of gas and whose operation of the communications facilities directly relates to the conduct of that business;

(2) "qualified services"

(A) means expenditures for labor, seismic, and other services that are directly applicable to a qualified capital investment;

(B) does not include lease operating expenses.

Sec. 43.20.044. Exploration incentive credit.

(a) A taxpayer may apply as a credit against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30.

(b) In a tax year in which a taxpayer applies against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30, the commissioner shall require the taxpayer to submit the accounting of mining operation activities form required by AS 27.30.030(b).

Sec. 43.20.045. Proration of part-year resident and nonresident individual credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Article 02. ALLOCATION AND APPORTIONMENT

Sec. 43.20.050. Taxpayer liable. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.051. Income from sources in the state of nonresident partners.

In determining the source of a nonresident partner's income, effect may not be given to a provision in the partnership agreement that

(1) characterizes payments to the partner as being for services or for the use of capital;

(2) allocates to the partner, as income or gain from sources outside the state, a greater proportion of the partner's distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside the state to partnership income or gain from all sources; or

(3) allocates to the partner a greater proportion of a partnership item of loss or deduction connected to Alaska sources than the partner's proportionate share, for federal income tax purposes of partnership loss or education generally.

Sec. 43.20.060. Direct allocation. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.061. Credit for taxes paid another state. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.065. Allocation and apportionment.

A taxpayer who has income from business activity that is taxable both inside and outside the state or income from other sources both inside and outside the state shall allocate and apportion net income as provided in AS 43.19 (Multistate Tax Compact), or as provided by this chapter.

Sec. 43.20.070. Employees of interstate carriers. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.071. Transportation carriers.

(a) All business income of water transportation carriers shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by the following:

(1) the numerator of the property factor is the sum of the value for property in a fixed location, including buildings and land used in the business, and intrastate equipment and personal property determined according to AS 43.19 (Multistate Tax Compact), and the value of interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the property factor is determined according to AS 43.19 (Multistate Tax Compact);

(2) the numerator of the payroll factor is the sum of the wages and salaries of employees assigned to fixed locations determined according to AS 43.19 (Multistate Tax

Compact) and the wages and salaries of employees assigned to interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the payroll factor is determined in accordance with AS 43.19 (Multistate Tax Compact);

(3) the numerator of the sales factor is the sum of all revenues from intrastate activities and revenues from interstate activities determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator is determined in accordance with AS 43.19 (Multistate Tax Compact);

(4) the portions of the numerator of the property, payroll, and sales factors which are directly related to interstate mobile property operations are determined by a ratio which the number of days spent in ports inside the state bears to the total number of days spent in ports inside and outside the state; the term "days spent in ports" does not include periods when ships are tied up because of strikes or withheld from Alaska service for repairs, or because of seasonal reduction of service; days in port are computed by dividing the total number of hours in all ports by 24.

(b) The department shall, by regulation, adopt formulas to ensure that the total income subject to apportionment under this chapter has been apportioned only to those states having jurisdiction to tax the income. Transportation carriers other than water carriers shall apportion their income to the state by means of the formulas adopted by the department.

Sec. 43.20.072. Oil and gas producers and pipelines.

(a) All business income of a taxpayer engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by this section.

(b) A taxpayer's business income to be apportioned under this section to the state shall be the federal taxable income of the taxpayer's consolidated business for the tax period, except that

(1) taxes based on or measured by net income that are deducted in the determination of the federal taxable income shall be added back; the tax levied and paid under AS 43.55 may not be added back;

(2) intangible drilling and development costs that are deducted as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) in the determination of the federal taxable income shall be capitalized and depreciated as if the option to treat them as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) had not been exercised;

(3) depletion deducted on the percentage depletion basis under 26 U.S.C. 613 (Internal Revenue Code) in the determination of the federal taxable income shall be recomputed and deducted on the cost depletion basis under 26 U.S.C. 612 (Internal Revenue Code); and

(4) depreciation shall be computed on the basis of 26 U.S.C. 167 (Internal Revenue Code) as that section read on June 30, 1981.

(c) A taxpayer's business income shall be apportioned to this state by multiplying the taxpayer's income determined under (b) of this section by the apportionment factor applicable to the taxpayer among the following factors:

(1) the apportionment factor of a taxpayer subject to this section but not engaged in the production of oil and gas, or of gas only, as appropriate, from a lease or property in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under AS 43.19 (Multistate Tax Compact) and the sales factor under (d) of this section for the taxpayer for that tax period, and the denominator of which is two;

(2) the apportionment factor of a taxpayer subject to this section but not engaged in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under (e) of this section and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is two;

(3) the apportionment factor of a taxpayer engaged both in the production of oil or gas from a lease or property in this state and in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the sales factor under (d) of this section, the property factor under (e) of this section, and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is three.

(d) The sales factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer for transporting oil or gas by pipeline in this state, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer in this state, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding those sales already included in the tariffs described in (A) of this paragraph; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer's consolidated business for transporting oil or gas by pipeline everywhere, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer's consolidated business everywhere, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding those sales already included in the tariffs described in (A) of this paragraph.

(e) Unless otherwise specified in this section, the property factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26 U.S.C. 263(c) (Internal Revenue Code), for the taxpayer's producing oil and gas wells in this state; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the real and tangible personal property everywhere owned or rented and used by the taxpayer's consolidated business during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26 U.S.C. 263(c) (Internal Revenue Code), for the producing oil and gas wells everywhere of the taxpayer's consolidated business.

(f) The extraction factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the number of barrels of the taxpayer's oil (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state; and

(B) one-sixth of the number of Mcf of the taxpayer's gas (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state, excluding reinjected gas; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the number of barrels of oil of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere; and

(B) one-sixth of the number of Mcf of gas of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere, excluding reinjected gas.

(g) A taxpayer that has signed a contract approved by the legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the legislature in implementing the purposes of AS 43.82, providing for payments in lieu of the tax under this chapter and that has nexus with the state solely as the result of the taxpayer's participation in the approved qualified project that is subject to the contract or would not, but for such participation, be engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state, is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "barrel" means the quantity of oil contained in 42 United States gallons of 231 cubic inches each, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(2) "consolidated business" means a corporation or group of corporations having more than 50 percent common ownership, direct or indirect, or a group of corporations in which there is common control, either direct or indirect, as evidenced by any arrangement, contract, or agreement; the requirements of this chapter apply whether or not the taxpayer is the parent or controlling corporation;

(3) "federal taxable income" means taxable income as the term is used in [AS 43.20.011](#) - 43.20.065;

(4) "gas" means all hydrocarbons produced that are not defined as oil, including all liquid hydrocarbons extracted at a gas processing plant;

(5) "lease or property" has the meaning given it by the department in its regulations;

(6) "Mcf " means the quantity of gas contained in 1,000 cubic feet of space, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65

pounds per square inch; and

(7) "oil" means crude petroleum oil and other hydrocarbons, regardless of API gravity, which are produced in liquid form, including the liquid hydrocarbons sometimes known as distillate or condensate which are recovered by separation from gas other than at a gas processing plant.

Sec. 43.20.073. Affiliated groups.

(a) A corporation that is a member of an affiliated group shall file a return using the water's edge combined reporting method. A return under this section must include the following corporations if the corporations are part of a unitary business with the filing corporation:

(1) an affiliated corporation that is eligible to be included in a federal consolidated return under 26 U.S.C. 1501 - 1505 (Internal Revenue Code) if the corporation's property, payroll, and sales factors in the United States average

(A) 20 percent or more; or

(B) under 20 percent, if the corporation does not meet the requirements of 26 U.S.C. 861(c);

(2) a domestic international sales corporation; in this paragraph, "domestic international sales corporation" has the meaning given in 26 U.S.C. 992(a);

(3) a foreign sales corporation; in this paragraph, "foreign sales corporation" has the meaning given to the term "FSC" in 26 U.S.C. 922(a);

(4) a corporation, regardless of the place where the corporation was incorporated, if the corporation's property, payroll, and sales factors in the United States average 20 percent or more;

(5) a corporation that is incorporated in or does business in a country that does not impose an income tax, or that imposes an income tax at a rate lower than 90 percent of the United States income tax rate on the income tax base of the corporation in the United States, if

(A) 50 percent or more of the sales, purchases, or payments of income or expenses, exclusive of payments for intangible property, of the corporation are made directly or indirectly to one or more members of a group of corporations filing under the water's edge combined reporting method;

(B) the corporation does not conduct significant economic activity.

(b) When computing taxable income for a corporation under (a) of this section, the following amounts shall be excluded:

(1) 80 percent of dividend income received from foreign corporations;

(2) an amount treated as a dividend under 26 U.S.C. 78;

(3) 80 percent of the royalties accrued or received from a foreign corporation.

(c) In (b)(1) and (3) of this section, a payment is considered to be received from a corporation that is part of the unitary business if the payment is received

(1) by a member of an affiliated group included in a water's edge combined report filed under this section; and

(2) from a corporation in which the recipient owns 50 percent or more of the stock of the corporation.

(d) Dividends and royalties taxable to a corporation using the water's edge combined reporting method are in lieu of an expense attribution for income excluded under (b) of this section.

(e) The department may require a corporation that files under (a) of this section to file a report under [AS 43.20.065](#) - 43.20.071 prepared without regard to this section if the corporation or an affiliated corporation

(1) fails to comply with regulations adopted under this chapter, including domestic disclosure spread sheet filing requirements; or

(2) does not provide information that is requested by the department that is necessary for the department to audit the taxpayer's corporate return in a reasonable period of time.

(f) This section does not apply to taxpayers subject to AS 43.20.072 engaged in

(1) the production of oil or gas from a lease or property in the state; or

(2) the transportation of oil or gas by regulated pipeline in the state.

(g) A corporation that has signed a contract approved by the legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the

legislature in implementing the purposes of AS 43.82, providing for payments in lieu of the tax under this chapter and that has nexus with the state solely as the result of the corporation's participation in the approved qualified project that is subject to the contract is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "affiliated corporation" means a member of an affiliated group to which the taxpayer filing a return under (a) of this section belongs;

(2) "affiliated group" means a group of two or more corporations in which 50 percent or more of the voting stock of each member of the group is directly or indirectly owned by one or more corporate or noncorporate common owners, or by one or more of the members of the group;

(3) "foreign corporation" means a corporation created or organized outside of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a possession of the United States;

(4) "water's edge combined reporting method" means a reporting method in which the only corporations besides the taxpayer that may be included in the return are the corporations listed in (a) of this section.

Sec. 43.20.080. - 43.20.140. Allocation of nonbusiness income; net rents and royalties; capital gains and losses; interests and dividends; patent and copyright royalties; allocation of business income; apportionment by commissioner. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.150. Definitions. [Repealed, Sec. 45 ch 113 SLA 1980].

Repealed or Renumbered

Article 03. ADMINISTRATION

Sec. 43.20.160. Administration.

(a) The department shall administer this chapter.

(b) *[Repealed, Sec. 45 ch 113 SLA 1980].*

(c) The department shall prescribe and furnish all necessary forms, and adopt and

publish all necessary regulations in plain and concise language conformable with this chapter for the assessment and collection of the taxes imposed by this chapter. The department shall apply as far as practicable the administrative and judicial interpretations of the federal income tax law. The department shall also prepare a concise statement of the contents of the code sections referred to in this chapter for the information of the taxpayer and make them available to the taxpayer making a return.

(d) All money collected by the department under this chapter shall be deposited in the general fund of the state.

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

Sec. 43.20.170. Collection of income tax at source. [Repealed, Sec. 11 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.172. Information required of fish processors and buyers. [Repealed, Sec. 16 ch 82 SLA 1982].

Repealed or Renumbered



Title 43. REVENUE AND TAXATION

Chapter 43.20. ALASKA NET INCOME TAX ACT



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Article 03. SERVICE OF PROCESS ON NONRESIDENT BUSINESSES

Sec. 43.10.160. Filing statement and tax bond with department. [Repealed, Sec. 2 ch 93 SLA 1997].

Repealed or Renumbered

Sec. 43.10.170. Agent for service of process.

(a) Every nonresident person shall, as a condition precedent to severing or taking resources or transacting or doing business in the state, file with the commissioner of commerce, community, and economic development a duly executed and notarized instrument appointing the commissioner of commerce, community, and economic development the agent upon whom all original process may be served in any action or legal proceeding resulting from the taxpayer's failure or neglect to pay state taxes or license fees, and agreeing that service of the original process against the nonresident taxpayer is of the same effect as if personally served on the nonresident taxpayer in the state.

(b) The service of process shall be made by leaving a copy with the commissioner of commerce, community, and economic development. If legal action is instituted against the nonresident taxpayer, the commissioner of commerce, community, and economic development shall immediately notify the nonresident by sending a copy of the process by registered letter to the last known address of the taxpayer.

(c) If a nonresident taxpayer fails to appoint the commissioner of commerce, community, and economic development as agent for service of process, service may nevertheless be made upon the commissioner of commerce, community, and economic development, who shall then transmit a copy of the process by registered mail to the last known address of the taxpayer, and this service is binding to the same effect as if personally served on the nonresident taxpayer in the state.

Sec. 43.10.180. - 43.10.200l Proceedings against bond; intent of [AS 43.10.160](#) - 43.10.200; penalties. [Repealed, Sec. 2 ch 93 SLA 1997].

Repealed or Renumbered

Article 04. REFUNDS OF TAXES AND LICENSE FEES

Sec. 43.10.210. Recovery of overpayments and protested payments.

(a) The Department of Administration shall, with the approval of the attorney general and the Department of Revenue, refund to a taxpayer the amount of a tax paid to the Department of Revenue under protest and deposited in the treasury if

(1) the taxpayer recovers judgment against the Department of Revenue for the return of the tax; or

(2) in the absence of a judgment, it is obvious to the Department of Revenue that the taxpayer would obtain judgment if legal proceedings were prosecuted by the taxpayer.

(b) The Department of Administration shall refund the amount of an overpayment to a taxpayer if the Department of Revenue, on audit of the account in question, determines that a remittance by the taxpayer exceeds the amount due.

(c) If the department and the attorney general determine that a licensee has paid a license tax and is prevented from using the license by court order, administrative decision, or other cause beyond the control of the taxpayer, the Department of Administration shall refund the amount of the license tax to the licensee.

Chapter 43.15. REFUNDS OF TAXES AND LICENSES

[Renumbered as [AS 43.10.210](#)].

Chapter 43.18. STATE AID TO LOCAL GOVERNMENTS

Sec. 43.18.010. - 43.18.045l State aid to local governments. [Repealed, Sec. 11 ch 155 SLA 1980. For current law, see AS 29.60].

Repealed or Renumbered

Sec. 43.18.050. Specific expenditures. [Repealed, Sec. 3 ch 265 SLA 1976].

Repealed or Renumbered

Sec. 43.18.100. - 43.18.135. [Renumbered as [AS 14.11.100](#) - 14.11.135].

Repealed or Renumbered

Sec. 43.18.300. [Renumbered as [AS 29.89.110](#)].

Repealed or Renumbered

Sec. 43.18.400. - 43.18.460. [Renumbered as [AS 05.35.010](#) - 05.35.070].

Repealed or Renumbered

Sec. 43.18.500. [Renumbered as [AS 44.33.401](#) - 44.33.417].

Repealed or Renumbered

Chapter 43.19. MULTISTATE TAX COMPACT

Sec. 43.19.010. Compact.

The Multistate Tax Compact is hereby enacted into law and entered into with all jurisdictions legally joining in it, in the form substantially as follows: Article I. Purposes.

The purposes of this compact are to:

- 1 Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.
- 2 Promote uniformity or compatibility in significant components of tax systems.
- 3 Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.
- 4 Avoid duplicative taxation. Article II. Definitions.

As used in this compact:

- 1 "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.
- 2 "Subdivision" means any governmental unit or special district of a state.
- 3 "Taxpayer" means any corporation, partnership, firm, association, governmental unit or agency or person acting as a business entity in more than one state.
- 4 "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.

5 "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.

6 "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.

7 "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.

8 "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property and (b) is complementary to a sales tax.

9 "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and any other tax which has a multistate impact, except that the provisions of Articles III, IV and V of this compact shall apply only to the taxes specifically designated therein and the provisions of Article IX of this compact shall apply only in respect to determinations pursuant to Article IV. Article III. Elements of Income Tax Laws.

Taxpayers Option, State and Local Taxes.

1 Any taxpayer subject to an income tax whose income is subject to apportionment and allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of subdivisions in two or more party states may elect to apportion and allocate the taxpayer's income in the manner provided by the laws of such state or by the laws of such states and subdivisions without reference to this compact, or may elect to apportion and allocate in accordance with Article IV. This election for any tax year may be made in all party states or subdivisions thereof or in any one or more of the party states or subdivisions thereof without reference to the election made in the others. For the purposes of this paragraph, taxes imposed by subdivisions shall be considered separately from state taxes and the apportionment and allocation also may be applied to the entire tax base. In no instance wherein Article IV is employed for all subdivisions of a state may the sum of all apportionments and allocations to subdivisions within a state be greater than the apportionment and allocation that would be assignable to that state if the apportionment or allocation were being made with respect to a state income tax. Taxpayer Option, Short

Form.

2 Each party state or any subdivision thereof which imposes an income tax shall provide by law that any taxpayer required to file a return, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the state or subdivision, as the case may be, is not in excess of \$100,000 may elect to report and pay any tax due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax which reasonably approximates the tax otherwise due. The Multistate Tax Commission, not more than once in five years, may adjust the \$100,000 figure in order to reflect such changes as may occur in the real value of the dollar, and such adjusted figure, upon adoption by the commission, shall replace the \$100,000 figure specifically provided herein. Each party state and subdivision thereof may make the same election available to taxpayers additional to those specified in this paragraph. Coverage.

3 Nothing in this Article relates to the reporting or payment of any tax other than an income tax. Article IV. Division of Income.

1 As used in this Article, unless the context otherwise requires:

(a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, investment company, or any type of insurance company.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity (1) which owns or operates any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, except by pipe line, or the production, transmission, sale, delivery, or furnishing of electricity, water or steam; and (2) whose rates of charges for goods or services have been established or approved by a federal, state or local

government or governmental agency.

(g) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this Article.

(h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(i) "This state" means the state in which the relevant tax return is filed or, in the case of application of this Article to the apportionment and allocation of income for local tax purposes, the subdivision or local taxing district in which the relevant tax return is filed.

2 Any taxpayer having income from business activity which is taxable both within and outside this state, other than activity as a financial organization or public utility or the rendering of purely personal services by an individual, shall allocate and apportion net income as provided in this Article. If a taxpayer has income from business activity as a public utility but derives the greater percentage of income from activities subject to this Article, the taxpayer may elect to allocate and apportion the taxpayer's entire net income as provided in this Article.

3 For purposes of allocation and apportionment of income under this Article, a taxpayer is taxable in another state if (1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax, or (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

4 Rents and royalties from real or tangible personal property, capital gains, interest, dividends or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in paragraphs 5 through 8 of this Article.

5.(a) Net rents and royalties from real property located in this state are allocable to this state.

(b) Net rents and royalties from tangible personal property are allocable to this state: (1) if and to the extent that the property is utilized in this state, or (2) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(c) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location

of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

6.(a) Capital gains and losses from sales of real property located in this state are allocable to this state.

(b) Capital gains and losses from sales of tangible personal property are allocable to this state if (1) the property had a situs in this state at the time of the sale, or (2) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(c) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

7 Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

8.(a) Patent and copyright royalties are allocable to this state: (1) if and to the extent that the patent or copyright is utilized by the payer in this state, or (2) if and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(b) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(c) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

9 All business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.

10 The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the

taxpayer's real and tangible personal property owned or rented and used during the tax period.

11 Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

12 The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the tax administrator may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

13 The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period.

14 Compensation is paid in this state if:

(a) the individual's service is performed entirely within the state;

(b) the individual's service is performed both inside and outside the state, but the service performed outside the state is incidental to the individual's service within this state; or

(c) some of the service is performed in the state and (1) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (2) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

15 The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

16 Sales of tangible personal property are in this state if:

(a) the property is delivered or shipped to a purchaser, other than the United States Government, within this state regardless of the f.o.b. point or other conditions of the sale; or

(b) the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States Government or (2) the taxpayer is not taxable in the state of the purchaser.

17 Sales, other than sales of tangible personal property, are in this state if:

- (a) the income-producing activity is performed in this state; or
- (b) the income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

18 If the allocation and apportionment provisions of this Article do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

- (a) separate accounting;
- (b) the exclusion of any one or more of the factors;
- (c) the inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or
- (d) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

Article V. Elements of Sales and Use Tax Laws.

Tax Credit.

1 Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by the purchaser with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision. Exemption Certificates, Vendors May Rely.

2 Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction. Article VI. The Commission.

Organization and Management.

1.(a) The Multistate Tax Commission is hereby established. It shall be composed of one

"member" from each party state who shall be the head of the state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or the designee of the attorney general, or other counsel if the laws of the party state specifically provide, shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys general, designees, or other counsel shall receive all notices of meetings required under paragraph 1 (e) of this Article.

(b) Each party state shall provide by law for the selection of representatives from its subdivisions affected by this compact to consult with the commission member from that state.

(c) Each member shall be entitled to one vote. The commission shall not act unless a majority of the members are present, and no action shall be binding unless approved by a majority of the total number of members.

(d) The commission shall adopt an official seal to be used as it may provide.

(e) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.

(f) The commission shall elect annually, from among its members, a chairman, a vice-chairman and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and it shall fix the duties and compensation of the executive director. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.

(g) Irrespective of the civil service, personnel or other merit system laws of any party state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix their duties and compensation. The commission bylaws shall provide for personnel policies and programs.

(h) The commission may borrow, accept or contract for the services of personnel from any state, the United States, or any other governmental entity.

(i) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.

(j) The commission may establish one or more offices for the transacting of its business.

(k) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the party states.

(l) The commission annually shall make to the governor and legislature of each party state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable. Committees.

2.(a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice-chairman, treasurer and four other members elected annually by the commission. The executive committee, subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.

(b) The commission may establish advisory and technical committees, membership on which may include private persons and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.

(c) The commission may establish such additional committees as its bylaws may provide. Powers.

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:

(a) Study state and local tax systems and particular types of state and local taxes.

(b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.

(c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.

(d) Do all things necessary and incidental to the administration of its functions pursuant to this compact. Finance.

4.(a) The commission shall submit to the governor or designated officer or officers of each party state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock taxes, gross receipts, taxes, sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission's budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this paragraph.

(c) The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under paragraph 1 (i) of this Article: provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under paragraph 1 (i), the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

(f) Nothing contained in this Article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission. Article VII. Uniform Regulations and

Forms.

1 Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales or use tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. The commission may also act with respect to the provisions of Article IV of this compact.

2 Prior to the adoption of any regulation, the commission shall:

(a) As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.

(b) Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written data and views, which shall be considered fully by the commission.

3 The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulations for adoption in accordance with its own laws and procedures. Article VIII. Interstate Audits.

1 This Article shall be in force only in those party states that specifically provide therefor by statute.

2 Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.

3 The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any account, book, paper, document, other record, property or stock of merchandise being examined in connection with the audit. If the person is not within the jurisdiction, the person may be required to attend for such

purpose at any time and place fixed by the commission within the state of which the person is a resident: provided that such state has adopted this Article.

4 The commission may apply to any court having power to issue compulsory process for orders in aid of its powers and responsibilities pursuant to this Article and any and all such courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order shall be punishable as contempt of the issuing court. If the party or subject matter on account of which the commission seeks an order is within the jurisdiction of the court to which application is made, such application may be to a court in the state or subdivision on behalf of which the audit is being made or a court in the state in which the object of the order being sought is situated. The provisions of this paragraph apply only to courts in a state that has adopted this Article.

5 The commission may decline to perform any audit requested if it finds that its available personnel or other resources are insufficient for the purpose or that, in the terms requested, the audit is impracticable of satisfactory performance. If the commission, on the basis of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular time or on a particular schedule, would be of interest to a number of party states or their subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient participation therein as determined by the commission.

6 Information obtained by any audit pursuant to this Article shall be confidential and available only for tax purposes to party states, their subdivisions or the United States. Availability of information shall be in accordance with the laws of the states or subdivisions on whose account the commission performs the audit, and only through the appropriate agencies or officers of such states or subdivisions. Nothing in this Article shall be construed to require any taxpayer to keep records for any period not otherwise required by law.

7 Other arrangements made or authorized pursuant to laws for cooperative audit by or on behalf of the party states or any of their subdivisions are not superseded or invalidated by this Article.

8 In no event shall the commission make any charge against a taxpayer for an audit.

9 As used in this Article, "tax," in addition to the meaning ascribed to it in Article II, means any tax or license fee imposed in whole or in part for revenue purposes. Article IX. Arbitration.

1 Whenever the commission finds a need for settling disputes concerning apportionments and allocations by arbitration, it may adopt a regulation placing this Article in effect, notwithstanding the provisions of Article VII.

2 The commission shall select and maintain an arbitration panel composed of officers and

employees of state and local governments and private persons who shall be knowledgeable and experienced in matters of tax law and administration.

3 Whenever a taxpayer who has elected to employ Article IV, or whenever the laws of the party state or subdivision thereof are substantially identical with the relevant provisions of Article IV, the taxpayer, by written notice to the commission and to each party state or subdivision thereof that would be affected, may secure arbitration of an apportionment or allocation, if the taxpayer is dissatisfied with the final administrative determination of the tax agency of the state or subdivision with respect thereto on the ground that it would subject the taxpayer to double or multiple taxation by two or more party states or subdivisions thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided herein, and agrees to be bound thereby.

4 The arbitration board shall be composed of one person selected by the taxpayer, one by the agency or agencies involved, and one member of the commission's arbitration panel. If the agencies involved are unable to agree on the person to be selected by them, such person shall be selected by lot from the total membership of the arbitration panel. The two persons selected for the board in the manner provided by the foregoing provisions of this paragraph shall jointly select the third member of the board. If they are unable to agree on the selection, the third member shall be selected by lot from among the total membership of the arbitration panel. No member of a board selected by lot shall be qualified to serve if the member is an officer or employee or is otherwise affiliated with any party to the arbitration proceeding. Residence within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation within the meaning of this paragraph.

5 The board may sit in any state or subdivision party to the proceeding, in the state of the taxpayer's incorporation, residence or domicile, in any state where the taxpayer does business, or in any place that it finds most appropriate for gaining access to evidence relevant to the matter before it.

6 The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.

7 The board shall have power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this paragraph apply only in states that have adopted this Article.

8 Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless the member is required on account of the service as a board member to forego the regular compensation attaching to the public employment, but any such board member shall be entitled to expenses.

9 The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.

10 The board shall file with the commission and with each tax agency represented in the proceeding: the determination of the board; the board's written statement of its reasons therefor; the record of the board's proceedings; and any other documents required by the arbitration rules of the commission to be filed.

11 The commission shall publish the determinations of boards together with the statements of the reasons therefor.

12 The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with the appropriate agency or officer in each of the party states.

13 Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceedings.
Article X. Entry Into Force and Withdrawal.

1 This compact shall enter into force when enacted into law by any seven states. Thereafter, this compact shall become effective as to any other state upon its enactment thereof. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.

2 Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

3 No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein. Article XI. Effect on Other Laws and Jurisdiction.

Nothing in this compact shall be construed to:

- (a) Affect the power of any state or subdivision thereof to fix rates of taxation, except that a party state shall be obligated to implement Article III 2 of this compact.
 - (b) Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax: provided that the definition of "tax" in Article VIII 9 may apply for the purposes of that Article and the commission's powers of study and recommendation pursuant to Article VI 3 may apply.
 - (c) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.
 - (d) Supersede or limit the jurisdiction of any court of the United States. Article XII.
- Construction and Severability.

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

Sec. 43.19.020. Commissioner of revenue to represent department.

(a) The commissioner of revenue shall represent this state on the Multistate Tax Commission.

(b) The member representing this state on the multistate commission may be represented by an alternate designated by the commissioner.

Sec. 43.19.030. Consulting committee.

The governor shall appoint a consulting committee consisting of three persons who are representative of subdivisions affected or likely to be affected by the Multistate Tax Compact, none of whom may be members of the legislature. The member of the commission representing this state, and any alternate designated by the member shall consult regularly with this committee, in accordance with Article VI, 1 (b) of the compact.

Sec. 43.19.040. Advisory committee.

There is established the Multistate Tax Compact Advisory Committee composed of the member of the Multistate Tax Commission representing this state, any alternate designated by the member, the attorney general or the designee of the attorney general, the members of the consulting committee, two members of the senate to be appointed by the president, and two members of the house of representatives to be appointed by the speaker. The chairman shall be the member of the commission representing this state. The committee shall meet on the call of its chairman or at the request of a majority of its members, but in any event it shall meet not less than three times in each year. The committee may consider all matters relating to recommendations of the Multistate Tax Commission and the activities of the members in representing this state on the commission.

Sec. 43.19.050. Interstate audits.

Article VIII of the compact relating to interstate audits shall be in force in and with respect to this state.



Title 43. REVENUE AND TAXATION

Chapter 43.10. ENFORCEMENT AND COLLECTION OF TAXES

Sec. 43.10.090. - 43.10.150l Uniform Federal Tax Lien Registration Act. [Repealed, Sec. 43 ch 161 SLA 1988. For current law see, AS 40.19].

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Or	me you me or you

Not	^him not him her^him
Exclusive Or (XOR)	apples~oranges apples xor oranges
Phrase	"to be or not" "fourscore and seven"
Single Character Wildcard	wom?n g??b?r
Multiple Character Wildcard	work* h*t*
Ordered Proximity	"united states of america"/10
Unordered Proximity	"uncle sams army"@7
Stem (Word Form)	run% great%
Thesaurus (Synonym)	flying\$ alteration\$
In Fields	[field weapon: knife gun (club bat)]

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Aetna*

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*Geoff Rainville
Manager, Gameplay Consumer Services
Nintendo*

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*Assistant Director of Environmental Affairs, Health, and Safety,
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Sec. 43.20.013. Individual tax credits.

(a) A resident individual is entitled to a tax credit not to exceed \$100 for

(1) a contribution made in a calendar year to a person or organization for use exclusively

(A) for a political campaign for a candidate for

(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States senator from Alaska;

(iii) United States representative from Alaska;

(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;

(vi) delegate to an Alaska constitutional convention;

(vii) electoral confirmation as a judge or justice of a court in Alaska; or

(viii) municipal office in Alaska; or

(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.

(b) A resident individual is entitled to a tax credit equal to 16 percent of the tax credit claimed by the individual on the federal income tax return of the individual for household and dependent care services necessary for gainful employment.

(c) The commissioner shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in [AS 43.20.012](#). A credit under this section shall be paid in the manner provided in [AS 43.20.030](#) (e) for the payment of refunds and payment may not be made without an appropriation for that purpose.

Sec. 43.20.014. Income tax education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a taxpayer is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991]*.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.55.019](#), [AS 43.56.018](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

Sec. 43.20.015. Individual tax credit. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.016. Sharing of corporate income tax revenue with municipalities. [Repealed, Sec. 88 ch 74 SLA 1985].

Repealed or Renumbered

Sec. 43.20.017. Individual tax exemptions. [Repealed, Sec. 10 ch 1 SSSLA 1980].

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Sec. 43.20.018. Alaska veterans' memorial endowment fund contribution credit. [Repealed, Sec. 25 ch. 46 SLA 2002].

Repealed or Renumbered

Sec. 43.20.020. Exemptions. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.021. Internal Revenue Code adopted by reference.

(a) Sections 26 U.S.C. 1 - 1399 and 6001 - 7872 (Internal Revenue Code), as amended, are adopted by reference as a part of this chapter. These portions of the Internal Revenue Code have full force and effect under this chapter unless excepted to or modified by other provisions of this chapter.

(b) For purposes of calculating the federal tax payable on personal holding companies provided for in the provisions of 26 U.S.C. 541 (Internal Revenue Code), the rate is 12.6 percent.

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of 26 U.S.C. 1201 (Internal Revenue Code), the rate is 4.5 percent for corporations.

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska. This limitation does not apply to a special industrial incentive tax credit under AS 43.20.042.

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) For the purpose of calculating the alternative minimum tax on tax preferences provided for in 26 U.S.C. 55 - 59 (Internal Revenue Code), the tax is 18 percent for corporations of the applicable alternative minimum federal tax.

(g) For purposes of calculating the accumulated earnings tax as provided in 26 U.S. C. 531 (Internal Revenue Code), the rate is 4.95 percent of the first \$100,000 of accumulated taxable income and 6.93 percent of accumulated taxable income in excess of \$100,000.

(h) Nothing in this chapter or in AS 43.19 (Multistate Tax Compact) may be construed as an exception to or modification of 26 U.S.C. 883.

(i) The provision in (h) of this section does not apply to commercial passenger vessels as defined in [AS 43.52.295](#).

Sec. 43.20.030. Returns and payment of taxes.

(a) If a corporation, or a partnership that has a corporation as a partner, is required to make a return under the provisions of the Internal Revenue Code, it shall file with the department, within 30 days after the federal return is required to be filed, a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of this chapter that the department requires.

(b) The return shall either be on oath or contain a written declaration that it is made under penalty of perjury, and the department shall prescribe forms accordingly.

(c) Notwithstanding (a) of this section, the total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service.

(d) A taxpayer, upon request by the department, shall furnish to the department a true and correct copy of the tax return which the taxpayer has filed with the United States Internal Revenue Service. Every taxpayer shall notify the department in writing of any alteration in, or modification of, the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency, whether with or without assessment. A full statement of the facts must accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund by a disbursement issued under a voucher approved by the department.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

Sec. 43.20.031. Deduction of taxes; consolidated returns; accounting methods.

(a) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(b) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income. The taxpayer may deduct the tax levied and paid under AS 43.55.

(d) *[Repealed, Sec. 1 ch 98 SLA 1984].*

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, 26 U.S.C. 1501 - 1552 (Internal Revenue Code), as amended, apply.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) A corporation which is a member of a group of unitary corporations which collectively has income from business activity taxable both inside and outside the state, or income from other sources both inside and outside the state, shall determine its income from sources in this state by use of the combined method of accounting.

Sec. 43.20.033. , 43.20.035. Taxable income of fiduciaries, nonresidents, and part-year residents. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.036. Federal tax deductions and credits.

(a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against tax liability the foreign tax credit allowed as to federal taxes under 26 U.S.C. 27 (Internal Revenue Code).

(b) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against tax liability the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) upon only the first \$20,000,000 of qualified investment, other than qualified investment for a special industrial incentive investment tax credit under [AS 43.20.042](#), put into use in the state for each taxable year. This limitation does not apply to the amounts invested in equipment that meets the definition of a certified pollution control facility as defined in 26 U.S.C. 169 (Internal Revenue Code) as in effect on June 19, 1975, except that the date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condition of qualifying a certified pollution control facility for a deduction does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from tax liability the tax exemption for domestic international sales corporations under 26 U.S.C. 991 (Internal Revenue Code), except those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(j) For purposes of calculating the tax payable under this chapter, a deduction under 26 U.S.C. 170 may only be taken if payment is made on or before the last day of the taxable year.

Sec. 43.20.037. [Repealed, Sec. 50 ch 83 SLA 1980].

Repealed or Renumbered

Sec. 43.20.038. - 43.20.039. Residential fuel and residential fuel conservation credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.040. Income from sources in the state.

(a) In this chapter, income from sources in the state includes

(1) income from real or tangible personal property located in the state;

(2) income of whatever nature from a business, trade or profession having a business situs in the state and compensation for services rendered in the state;

(3) income from stocks, bonds, notes, bank deposits, and other intangible personal property having a taxable or business situs in the state;

(4) rentals and royalties for the use of or for the privilege of using, in the state, patents, copyrights, secret processes and formulas, good will, marks, trade brands, franchises, and other property having a taxable or business situs in the state.

(b) In this section, income is from a source having a taxable or business situs in the state if it is derived from

(1) owning or operating business facilities or property in the state;

(2) conducting business, farming, or fishing operations in the state;

(3) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

(4) a partnership which transacts business in the state;

(5) a corporation which transacts business in the state which has elected to file federal returns under subchapter S of the Internal Revenue Code;

(6) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

(7) engaging in any other activity from which income is received, realized or derived in the state.

(c) The receipt of income derived solely from interest earned on property in the state does not alone establish a taxable or business situs in the state.

Sec. 43.20.042. Special industrial incentive investment tax credits.

(a) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for a gas processing project: (1) 100 percent on the first

\$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for an investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "gas processing project" means the integrated plant, facilities, and equipment, including pollution control equipment, used for preparation of consumer or transportation gas, or for conditioning, fractionation, storage, handling or processing of a product, other than crude oil, of an oil or gas well, into liquefied natural gas, methanol, ammonia, urea, olefins, propanes, butanes, polymers and intermediate hydrocarbon products; it does not include a pipeline from oil and gas wells to or from a plant and facilities.

(b) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for exploration, drilling of wells, development, or mining of the minerals and other natural deposits listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand or gravel unless the mining of sand or gravel is ancillary to a mining development involving a qualified natural deposit other than sand or gravel: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for any investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "mining" has the meaning given in 26 U.S.C. 613(c)(2) (Internal Revenue Code).

(c) A taxpayer may not claim an investment tax credit under (a) or (b) of this section unless the gas processing project or mining project began operation and production after December 31, 1984. A gas processing or mining project is considered to have begun operation and production when the first product or mineral is produced that is ultimately either sold or transferred for further processing or ultimate use.

(d) A taxpayer may not claim an additional investment tax credit under [AS 43.20.036](#) (b) for an investment for which a special industrial incentive investment tax credit is claimed under (a) or (b) of this section.

(e) If a taxpayer making an investment that qualifies for the investment tax credit under this section is a member of a group of affiliated corporations filing a consolidated

return under the provisions of this chapter, the amount of the investment tax credit that may be claimed on the consolidated return is limited to the amount the taxpayer making the qualified investment would have been eligible to claim had a consolidated return not been filed.

(f) The investment tax credit per taxable year allowed by (a) and (b) of this section may not exceed 60 percent of the eligible tax liability. Any unused portion of the investment tax credit shall be subject to the carry forward provisions in 26 U.S.C. 46(b) (3) (Internal Revenue Code) except that the unused credit may not be carried forward to tax years beginning after December 31, 1999.

(g) Except as provided in (f) of this section, a tax credit under this section may not be claimed on investments made after December 31, 1994.

(h) In this section "eligible taxes" means the total tax liability of a taxpayer for the annual taxes due under the provisions of this chapter and AS 43.65.

Sec. 43.20.043. Gas exploration and development tax credit.

(a) Subject to the terms and conditions of this section, and in addition to any other credit authorized to the taxpayer by this chapter, a taxpayer that is an operator or working interest owner directly engaging in the exploration for and development of gas may apply as a credit against the state tax liability that may be imposed on the taxpayer under this chapter, for a tax year beginning after December 31, 2002,

(1) 10 percent of the taxpayer's qualified capital investment; and

(2) 10 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment under (1) of this subsection.

(b) Expenditures qualifying for the taxpayer's qualified investment credit under (a) (1) of this section must be

(1) cash expenditures or binding payment agreements entered into after June 30, 2003; and

(2) made for assets first placed in service in the state in or before the tax year in which the credit is claimed through the date the reserves produce gas for sale and delivery; for purposes of this paragraph, "placed in service in the state" means that the first use of the qualified investment is in this state; if the property on which the claim of the credit is based has been used elsewhere in the tax year of acquisition and is brought to this state during that year or a subsequent year, the property does not qualify for the

investment credit.

(c) The credit per tax year allowed by (a) of this section may not exceed 50 percent of the taxpayer's total tax liability under this chapter, but shall be calculated before the application of any other credits allowed under this chapter. An unused portion of the credit for the tax year

(1) may be carried forward into one or more of the following tax years, except that the unused credit from one tax year may not be carried forward for more than five following tax years;

(2) shall be applied to the taxpayer's tax liability under this chapter during the following tax year before allowance of a credit allowed by (a) of this section for that following tax year.

(d) To obtain the credit allowed by this section, the taxpayer shall, with the taxpayer's tax return, submit, on a form prescribed by the department, information that demonstrates that the taxpayer is eligible for the credit and evidence of the expenses that are the basis of the claim of the credit. The taxpayer has the burden of demonstrating compliance with the requirements of this section to entitle the taxpayer to the claim of and the amount of the credit.

(e) A taxpayer entitled to a credit under this section

(1) may not convey, assign, or transfer the credit to another taxpayer or business entity unless the conveyance, assignment, or transfer of the credit is part of the conveyance, assignment, or transfer of the taxpayer's business;

(2) forfeits the credit to which the taxpayer is entitled during the tax year and any carryover of it under (c) of this section, but does not forfeit the portion of the credit that accrued in a previous taxable year that may be carried over under (c) of this section, if the taxpayer

(A) disposes of the qualified capital investment;

(B) takes the qualified investment out of service; or

(C) transfers the qualified investment out of this state.

(f) A taxpayer is not entitled to a credit under this section for expenditures that are made or incurred for the qualified capital investment or for qualified services made for exploration and development of gas that occur in the area of Alaska lying north of 68 degrees North latitude or that are made or incurred to transport gas from reserves located

in the area of Alaska lying north of 68 degrees North latitude.

(g) A taxpayer who obtains a credit under this section may not claim a tax credit or royalty modification provided for under any other title. However, a taxpayer may, at the taxpayer's election, forgo a credit under this section in order to continue to qualify for a credit provided for in another title.

(h) For purposes of determining allowable credits under this section, the department shall allow only expenditures and payments that are not inconsistent with the expenditures authorized under 26 U.S.C. (Internal Revenue Code) for exploration and development of natural resources.

(i) In this section,

(1) "qualified capital investment" means a cash expenditure or binding payment agreement, as described in (b)(1) of this section, for real property or tangible personal property used in this state in the exploration and development of gas reserves in a gas reservoir for which there has not been commercial production if the reserves produce gas for sale and delivery; in this paragraph, "property" includes

(A) property used in the operation or maintenance of facilities for exploration or development of gas;

(B) property that is placed in use under a capitalized lease or an operating lease; and

(C) the following property used for the exploration and development of gas:

(i) machinery, appliances, supplies, and equipment;

(ii) drilling rigs, wells, gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;

(iii) roads, docks and other port facilities, and helicopter pads;

(iv) maintenance equipment and facilities, and maintenance camps and other related facilities; and

(v) communications facilities owned by a person whose principal business in the state is the exploration for or development of gas and whose operation of the communications facilities directly relates to the conduct of that business;

(2) "qualified services"

(A) means expenditures for labor, seismic, and other services that are directly applicable to a qualified capital investment;

(B) does not include lease operating expenses.

Sec. 43.20.044. Exploration incentive credit.

(a) A taxpayer may apply as a credit against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30.

(b) In a tax year in which a taxpayer applies against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30, the commissioner shall require the taxpayer to submit the accounting of mining operation activities form required by AS 27.30.030(b).

Sec. 43.20.045. Proration of part-year resident and nonresident individual credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Article 02. ALLOCATION AND APPORTIONMENT



Title 43. REVENUE AND TAXATION

Chapter 43.20. ALASKA NET INCOME TAX ACT



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Sec. 43.20.012. Limitation on application of chapter; credits.

The tax imposed by this chapter does not apply to individuals or to fiduciaries. However, an individual may file a return under this chapter in order to receive a tax credit under [AS 43.20.013](#).

Sec. 43.20.013. Individual tax credits.

(a) A resident individual is entitled to a tax credit not to exceed \$100 for

(1) a contribution made in a calendar year to a person or organization for use exclusively

(A) for a political campaign for a candidate for

(i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;

(ii) United States senator from Alaska;

(iii) United States representative from Alaska;

(iv) governor or lieutenant governor of Alaska;

(v) the Alaska legislature;

(vi) delegate to an Alaska constitutional convention;

(vii) electoral confirmation as a judge or justice of a court in Alaska; or

(viii) municipal office in Alaska; or

(B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and

(2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.

(b) A resident individual is entitled to a tax credit equal to 16 percent of the tax

credit claimed by the individual on the federal income tax return of the individual for household and dependent care services necessary for gainful employment.

(c) The commissioner shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in [AS 43.20.012](#). A credit under this section shall be paid in the manner provided in [AS 43.20.030](#) (e) for the payment of refunds and payment may not be made without an appropriation for that purpose.

Sec. 43.20.014. Income tax education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a taxpayer is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991]*.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title;

(2) also be allowed as a deduction under 26 U.S.C. 170 against the tax imposed by this chapter; and

(3) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.55.019](#), [AS 43.56.018](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

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Sec. 43.20.021. Internal Revenue Code adopted by reference.

(a) Sections 26 U.S.C. 1 - 1399 and 6001 - 7872 (Internal Revenue Code), as amended, are adopted by reference as a part of this chapter. These portions of the Internal Revenue Code have full force and effect under this chapter unless excepted to or modified by other provisions of this chapter.

(b) For purposes of calculating the federal tax payable on personal holding companies provided for in the provisions of 26 U.S.C. 541 (Internal Revenue Code), the rate is 12.6 percent.

(c) For purposes of calculating the alternative tax on capital gains provided for in the provisions of 26 U.S.C. 1201 (Internal Revenue Code), the rate is 4.5 percent for corporations.

(d) Where a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18 percent for corporations of the amount of credit determined for federal income tax purposes which is attributable to Alaska. This limitation does not apply to a special industrial incentive tax credit under AS 43.20.042.

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) For the purpose of calculating the alternative minimum tax on tax preferences provided for in 26 U.S.C. 55 - 59 (Internal Revenue Code), the tax is 18 percent for corporations of the applicable alternative minimum federal tax.

(g) For purposes of calculating the accumulated earnings tax as provided in 26 U.S.

C. 531 (Internal Revenue Code), the rate is 4.95 percent of the first \$100,000 of accumulated taxable income and 6.93 percent of accumulated taxable income in excess of \$100,000.

(h) Nothing in this chapter or in AS 43.19 (Multistate Tax Compact) may be construed as an exception to or modification of 26 U.S.C. 883.

(i) The provision in (h) of this section does not apply to commercial passenger vessels as defined in [AS 43.52.295](#).

Sec. 43.20.030. Returns and payment of taxes.

(a) If a corporation, or a partnership that has a corporation as a partner, is required to make a return under the provisions of the Internal Revenue Code, it shall file with the department, within 30 days after the federal return is required to be filed, a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of this chapter that the department requires.

(b) The return shall either be on oath or contain a written declaration that it is made under penalty of perjury, and the department shall prescribe forms accordingly.

(c) Notwithstanding (a) of this section, the total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service.

(d) A taxpayer, upon request by the department, shall furnish to the department a true and correct copy of the tax return which the taxpayer has filed with the United States Internal Revenue Service. Every taxpayer shall notify the department in writing of any alteration in, or modification of, the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency, whether with or without assessment. A full statement of the facts must accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or

illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund by a disbursement issued under a voucher approved by the department.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

Sec. 43.20.031. Deduction of taxes; consolidated returns; accounting methods.

(a) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(b) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income. The taxpayer may deduct the tax levied and paid under AS 43.55.

(d) *[Repealed, Sec. 1 ch 98 SLA 1984].*

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, 26 U.S.C. 1501 - 1552 (Internal Revenue Code), as amended, apply.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) A corporation which is a member of a group of unitary corporations which collectively has income from business activity taxable both inside and outside the state, or income from other sources both inside and outside the state, shall determine its income from sources in this state by use of the combined method of accounting.

Sec. 43.20.033. , 43.20.035. *Taxable income of fiduciaries, nonresidents, and part-year residents. [Repealed, Sec. 10 ch 1 SSSLA 1980].*

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Sec. 43.20.036. Federal tax deductions and credits.

(a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against tax liability the foreign tax credit allowed as to federal taxes under 26 U.S.C. 27 (Internal Revenue Code).

(b) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against tax liability the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) upon only the first \$20,000,000 of qualified investment, other than qualified investment for a special industrial incentive investment tax credit under [AS 43.20.042](#), put into use in the state for each taxable year. This limitation does not apply to the amounts invested in equipment that meets the definition of a certified pollution control facility as defined in 26 U.S.C. 169 (Internal Revenue Code) as in effect on June 19, 1975, except that the date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condition of qualifying a certified pollution control facility for a deduction does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from tax liability the tax exemption for domestic international sales corporations under 26 U.S.C. 991 (Internal Revenue Code), except those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(j) For purposes of calculating the tax payable under this chapter, a deduction under 26 U.S.C. 170 may only be taken if payment is made on or before the last day of the taxable year.

Sec. 43.20.037. *[Repealed, Sec. 50 ch 83 SLA 1980].*

Repealed or Renumbered

Sec. 43.20.038. - 43.20.039. Residential fuel and residential fuel conservation credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.040. Income from sources in the state.

(a) In this chapter, income from sources in the state includes

(1) income from real or tangible personal property located in the state;

(2) income of whatever nature from a business, trade or profession having a business situs in the state and compensation for services rendered in the state;

(3) income from stocks, bonds, notes, bank deposits, and other intangible personal property having a taxable or business situs in the state;

(4) rentals and royalties for the use of or for the privilege of using, in the state, patents, copyrights, secret processes and formulas, good will, marks, trade brands, franchises, and other property having a taxable or business situs in the state.

(b) In this section, income is from a source having a taxable or business situs in the state if it is derived from

(1) owning or operating business facilities or property in the state;

(2) conducting business, farming, or fishing operations in the state;

(3) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(4) a partnership which transacts business in the state;

(5) a corporation which transacts business in the state which has elected to file federal returns under subchapter S of the Internal Revenue Code;

(6) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(7) engaging in any other activity from which income is received, realized or derived in the state.

(c) The receipt of income derived solely from interest earned on property in the state does not alone establish a taxable or business situs in the state.

Sec. 43.20.042. Special industrial incentive investment tax credits.

(a) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for a gas processing project: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for an investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "gas processing project" means the integrated plant, facilities, and equipment, including pollution control equipment, used for preparation of consumer or transportation gas, or for conditioning, fractionation, storage, handling or processing of a product, other than crude oil, of an oil or gas well, into liquefied natural gas, methanol, ammonia, urea, olefins, propanes, butanes, polymers and intermediate hydrocarbon products; it does not include a pipeline from oil and gas wells to or from a plant and facilities.

(b) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for exploration, drilling of wells, development, or mining of the minerals and other natural deposits listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand or gravel unless the mining of sand or gravel is ancillary to a mining development involving a qualified natural deposit other than sand or gravel: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for any investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "mining" has the meaning given in 26 U.S.C. 613(c)(2) (Internal Revenue Code).

(c) A taxpayer may not claim an investment tax credit under (a) or (b) of this section unless the gas processing project or mining project began operation and production after December 31, 1984. A gas processing or mining project is considered to have begun operation and production when the first product or mineral is produced that is ultimately either sold or transferred for further processing or ultimate use.

(d) A taxpayer may not claim an additional investment tax credit under [AS 43.20.036](#)(b) for an investment for which a special industrial incentive investment tax credit is claimed under (a) or (b) of this section.

(e) If a taxpayer making an investment that qualifies for the investment tax credit under this section is a member of a group of affiliated corporations filing a consolidated return under the provisions of this chapter, the amount of the investment tax credit that may be claimed on the consolidated return is limited to the amount the taxpayer making the qualified investment would have been eligible to claim had a consolidated return not been filed.

(f) The investment tax credit per taxable year allowed by (a) and (b) of this section may not exceed 60 percent of the eligible tax liability. Any unused portion of the investment tax credit shall be subject to the carry forward provisions in 26 U.S.C. 46(b) (3) (Internal Revenue Code) except that the unused credit may not be carried forward to tax years beginning after December 31, 1999.

(g) Except as provided in (f) of this section, a tax credit under this section may not be claimed on investments made after December 31, 1994.

(h) In this section "eligible taxes" means the total tax liability of a taxpayer for the annual taxes due under the provisions of this chapter and AS 43.65.

Sec. 43.20.043. Gas exploration and development tax credit.

(a) Subject to the terms and conditions of this section, and in addition to any other credit authorized to the taxpayer by this chapter, a taxpayer that is an operator or working interest owner directly engaging in the exploration for and development of gas may apply as a credit against the state tax liability that may be imposed on the taxpayer under this chapter, for a tax year beginning after December 31, 2002,

(1) 10 percent of the taxpayer's qualified capital investment; and

(2) 10 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment under (1) of this subsection.

(b) Expenditures qualifying for the taxpayer's qualified investment credit under (a) (1) of this section must be

(1) cash expenditures or binding payment agreements entered into after June 30, 2003; and

(2) made for assets first placed in service in the state in or before the tax year in which the credit is claimed through the date the reserves produce gas for sale and delivery; for purposes of this paragraph, "placed in service in the state" means that the first use of the qualified investment is in this state; if the property on which the claim of the credit is based has been used elsewhere in the tax year of acquisition and is brought to this state during that year or a subsequent year, the property does not qualify for the investment credit.

(c) The credit per tax year allowed by (a) of this section may not exceed 50 percent of the taxpayer's total tax liability under this chapter, but shall be calculated before the application of any other credits allowed under this chapter. An unused portion of the credit for the tax year

(1) may be carried forward into one or more of the following tax years, except that the unused credit from one tax year may not be carried forward for more than five following tax years;

(2) shall be applied to the taxpayer's tax liability under this chapter during the following tax year before allowance of a credit allowed by (a) of this section for that following tax year.

(d) To obtain the credit allowed by this section, the taxpayer shall, with the taxpayer's tax return, submit, on a form prescribed by the department, information that demonstrates that the taxpayer is eligible for the credit and evidence of the expenses that are the basis of the claim of the credit. The taxpayer has the burden of demonstrating compliance with the requirements of this section to entitle the taxpayer to the claim of and the amount of the credit.

(e) A taxpayer entitled to a credit under this section

(1) may not convey, assign, or transfer the credit to another taxpayer or business entity unless the conveyance, assignment, or transfer of the credit is part of the conveyance, assignment, or transfer of the taxpayer's business;

(2) forfeits the credit to which the taxpayer is entitled during the tax year and any carryover of it under (c) of this section, but does not forfeit the portion of the credit that accrued in a previous taxable year that may be carried over under (c) of this section, if the taxpayer

(A) disposes of the qualified capital investment;

(B) takes the qualified investment out of service; or

(C) transfers the qualified investment out of this state.

(f) A taxpayer is not entitled to a credit under this section for expenditures that are made or incurred for the qualified capital investment or for qualified services made for exploration and development of gas that occur in the area of Alaska lying north of 68 degrees North latitude or that are made or incurred to transport gas from reserves located in the area of Alaska lying north of 68 degrees North latitude.

(g) A taxpayer who obtains a credit under this section may not claim a tax credit or royalty modification provided for under any other title. However, a taxpayer may, at the taxpayer's election, forgo a credit under this section in order to continue to qualify for a credit provided for in another title.

(h) For purposes of determining allowable credits under this section, the department shall allow only expenditures and payments that are not inconsistent with the expenditures authorized under 26 U.S.C. (Internal Revenue Code) for exploration and development of natural resources.

(i) In this section,

(1) "qualified capital investment" means a cash expenditure or binding payment agreement, as described in (b)(1) of this section, for real property or tangible personal property used in this state in the exploration and development of gas reserves in a gas reservoir for which there has not been commercial production if the reserves produce gas for sale and delivery; in this paragraph, "property" includes

(A) property used in the operation or maintenance of facilities for exploration or development of gas;

(B) property that is placed in use under a capitalized lease or an operating lease; and

(C) the following property used for the exploration and development of gas:

(i) machinery, appliances, supplies, and equipment;

(ii) drilling rigs, wells, gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;

(iii) roads, docks and other port facilities, and helicopter pads;

(iv) maintenance equipment and facilities, and maintenance camps and other related facilities; and

(v) communications facilities owned by a person whose principal business in the state is the exploration for or development of gas and whose operation of the communications facilities directly relates to the conduct of that business;

(2) "qualified services"

(A) means expenditures for labor, seismic, and other services that are directly applicable to a qualified capital investment;

(B) does not include lease operating expenses.

Sec. 43.20.044. Exploration incentive credit.

(a) A taxpayer may apply as a credit against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30.

(b) In a tax year in which a taxpayer applies against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30, the commissioner shall require the taxpayer to submit the accounting of mining operation activities form required by AS 27.30.030(b).

Sec. 43.20.045. Proration of part-year resident and nonresident individual credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered



Title 43. REVENUE AND TAXATION

Chapter 43.20. ALASKA NET INCOME TAX ACT



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Sec. 43.20.030. Returns and payment of taxes.

(a) If a corporation, or a partnership that has a corporation as a partner, is required to make a return under the provisions of the Internal Revenue Code, it shall file with the department, within 30 days after the federal return is required to be filed, a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of this chapter that the department requires.

(b) The return shall either be on oath or contain a written declaration that it is made under penalty of perjury, and the department shall prescribe forms accordingly.

(c) Notwithstanding (a) of this section, the total amount of tax imposed by this chapter is due and payable to the department at the same time and in the same manner as the tax payable to the United States Internal Revenue Service.

(d) A taxpayer, upon request by the department, shall furnish to the department a true and correct copy of the tax return which the taxpayer has filed with the United States Internal Revenue Service. Every taxpayer shall notify the department in writing of any alteration in, or modification of, the taxpayer's federal income tax return and of a recomputation of tax or determination of deficiency, whether with or without assessment. A full statement of the facts must accompany this notice. The notice shall be filed within 60 days after the final determination of the modification, recomputation or deficiency, and the taxpayer shall pay the additional tax or penalty under this chapter. For purposes of this section, a final determination shall mean the time that an amended federal return is filed or a notice of deficiency or an assessment is mailed to the taxpayer by the Internal Revenue Service, except that in no event will there be a final determination for purposes of this section until the taxpayer has exhausted rights of appeal under federal law.

(e) The department may credit or refund overpayments of taxes, taxes erroneously or illegally assessed or collected, penalties collected without authority, and taxes that are found unjustly assessed or excessive in amount, or otherwise wrongfully collected. The department shall set limitations, specify the manner in which claims for credits or refunds are made, and give notice of allowance or disallowance. When a refund is allowed to a taxpayer, it shall be paid out of the general fund by a disbursement issued under a voucher approved by the department.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

Sec. 43.20.031. Deduction of taxes; consolidated returns; accounting methods.

(a) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(b) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(c) In computing the tax under this chapter, the taxpayer is not entitled to deduct any taxes based on or measured by net income. The taxpayer may deduct the tax levied and paid under AS 43.55.

(d) *[Repealed, Sec. 1 ch 98 SLA 1984].*

(e) An affiliated group of corporations may make or the commissioner may require them to make a consolidated return for the taxable year in place of separate returns. For purposes of calculating the amount of tax payable by the group under a consolidated filing, 26 U.S.C. 1501 - 1552 (Internal Revenue Code), as amended, apply.

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) A corporation which is a member of a group of unitary corporations which collectively has income from business activity taxable both inside and outside the state, or income from other sources both inside and outside the state, shall determine its income from sources in this state by use of the combined method of accounting.

Sec. 43.20.033. , 43.20.035. Taxable income of fiduciaries, nonresidents, and part-year residents. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.036. Federal tax deductions and credits.

(a) For purposes of calculating the income tax payable under this chapter, the taxpayer may not apply as a credit against tax liability the foreign tax credit allowed as to federal taxes under 26 U.S.C. 27 (Internal Revenue Code).

(b) For purposes of calculating the income tax payable under this chapter, the

taxpayer may apply as a credit against tax liability the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) upon only the first \$20,000,000 of qualified investment, other than qualified investment for a special industrial incentive investment tax credit under [AS 43.20.042](#), put into use in the state for each taxable year. This limitation does not apply to the amounts invested in equipment that meets the definition of a certified pollution control facility as defined in 26 U.S.C. 169 (Internal Revenue Code) as in effect on June 19, 1975, except that the date specified in 26 U.S.C. 169(d) (Internal Revenue Code) as a condition of qualifying a certified pollution control facility for a deduction does not apply.

(c) For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as an exemption from tax liability the tax exemption for domestic international sales corporations under 26 U.S.C. 991 (Internal Revenue Code), except those taxpayers who are engaged in the exportation of nonrenewable resources.

(d) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(f) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(g) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(h) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(i) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

(j) For purposes of calculating the tax payable under this chapter, a deduction under 26 U.S.C. 170 may only be taken if payment is made on or before the last day of the taxable year.

Sec. 43.20.037. [Repealed, Sec. 50 ch 83 SLA 1980].

Repealed or Renumbered

Sec. 43.20.038. - 43.20.039. Residential fuel and residential fuel conservation credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.040. Income from sources in the state.

(a) In this chapter, income from sources in the state includes

(1) income from real or tangible personal property located in the state;

(2) income of whatever nature from a business, trade or profession having a business situs in the state and compensation for services rendered in the state;

(3) income from stocks, bonds, notes, bank deposits, and other intangible personal property having a taxable or business situs in the state;

(4) rentals and royalties for the use of or for the privilege of using, in the state, patents, copyrights, secret processes and formulas, good will, marks, trade brands, franchises, and other property having a taxable or business situs in the state.

(b) In this section, income is from a source having a taxable or business situs in the state if it is derived from

(1) owning or operating business facilities or property in the state;

(2) conducting business, farming, or fishing operations in the state;

(3) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

(4) a partnership which transacts business in the state;

(5) a corporation which transacts business in the state which has elected to file federal returns under subchapter S of the Internal Revenue Code;

(6) *[Repealed, Sec. 10 ch 1 SSSLA 1980]*.

(7) engaging in any other activity from which income is received, realized or derived in the state.

(c) The receipt of income derived solely from interest earned on property in the state does not alone establish a taxable or business situs in the state.

Sec. 43.20.042. Special industrial incentive investment tax credits.

(a) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for a gas processing project: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over

\$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for an investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "gas processing project" means the integrated plant, facilities, and equipment, including pollution control equipment, used for preparation of consumer or transportation gas, or for conditioning, fractionation, storage, handling or processing of a product, other than crude oil, of an oil or gas well, into liquefied natural gas, methanol, ammonia, urea, olefins, propanes, butanes, polymers and intermediate hydrocarbon products; it does not include a pipeline from oil and gas wells to or from a plant and facilities.

(b) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for exploration, drilling of wells, development, or mining of the minerals and other natural deposits listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand or gravel unless the mining of sand or gravel is ancillary to a mining development involving a qualified natural deposit other than sand or gravel: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for any investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "mining" has the meaning given in 26 U.S.C. 613(c)(2) (Internal Revenue Code).

(c) A taxpayer may not claim an investment tax credit under (a) or (b) of this section unless the gas processing project or mining project began operation and production after December 31, 1984. A gas processing or mining project is considered to have begun operation and production when the first product or mineral is produced that is ultimately either sold or transferred for further processing or ultimate use.

(d) A taxpayer may not claim an additional investment tax credit under [AS 43.20.036](#) (b) for an investment for which a special industrial incentive investment tax credit is claimed under (a) or (b) of this section.

(e) If a taxpayer making an investment that qualifies for the investment tax credit under this section is a member of a group of affiliated corporations filing a consolidated return under the provisions of this chapter, the amount of the investment tax credit that

may be claimed on the consolidated return is limited to the amount the taxpayer making the qualified investment would have been eligible to claim had a consolidated return not been filed.

(f) The investment tax credit per taxable year allowed by (a) and (b) of this section may not exceed 60 percent of the eligible tax liability. Any unused portion of the investment tax credit shall be subject to the carry forward provisions in 26 U.S.C. 46(b)(3) (Internal Revenue Code) except that the unused credit may not be carried forward to tax years beginning after December 31, 1999.

(g) Except as provided in (f) of this section, a tax credit under this section may not be claimed on investments made after December 31, 1994.

(h) In this section "eligible taxes" means the total tax liability of a taxpayer for the annual taxes due under the provisions of this chapter and AS 43.65.

Sec. 43.20.043. Gas exploration and development tax credit.

(a) Subject to the terms and conditions of this section, and in addition to any other credit authorized to the taxpayer by this chapter, a taxpayer that is an operator or working interest owner directly engaging in the exploration for and development of gas may apply as a credit against the state tax liability that may be imposed on the taxpayer under this chapter, for a tax year beginning after December 31, 2002,

(1) 10 percent of the taxpayer's qualified capital investment; and

(2) 10 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment under (1) of this subsection.

(b) Expenditures qualifying for the taxpayer's qualified investment credit under (a) (1) of this section must be

(1) cash expenditures or binding payment agreements entered into after June 30, 2003; and

(2) made for assets first placed in service in the state in or before the tax year in which the credit is claimed through the date the reserves produce gas for sale and delivery; for purposes of this paragraph, "placed in service in the state" means that the first use of the qualified investment is in this state; if the property on which the claim of the credit is based has been used elsewhere in the tax year of acquisition and is brought to this state during that year or a subsequent year, the property does not qualify for the investment credit.

(c) The credit per tax year allowed by (a) of this section may not exceed 50 percent of the taxpayer's total tax liability under this chapter, but shall be calculated before the application of any other credits allowed under this chapter. An unused portion of the credit for the tax year

(1) may be carried forward into one or more of the following tax years, except that the unused credit from one tax year may not be carried forward for more than five following tax years;

(2) shall be applied to the taxpayer's tax liability under this chapter during the following tax year before allowance of a credit allowed by (a) of this section for that following tax year.

(d) To obtain the credit allowed by this section, the taxpayer shall, with the taxpayer's tax return, submit, on a form prescribed by the department, information that demonstrates that the taxpayer is eligible for the credit and evidence of the expenses that are the basis of the claim of the credit. The taxpayer has the burden of demonstrating compliance with the requirements of this section to entitle the taxpayer to the claim of and the amount of the credit.

(e) A taxpayer entitled to a credit under this section

(1) may not convey, assign, or transfer the credit to another taxpayer or business entity unless the conveyance, assignment, or transfer of the credit is part of the conveyance, assignment, or transfer of the taxpayer's business;

(2) forfeits the credit to which the taxpayer is entitled during the tax year and any carryover of it under (c) of this section, but does not forfeit the portion of the credit that accrued in a previous taxable year that may be carried over under (c) of this section, if the taxpayer

(A) disposes of the qualified capital investment;

(B) takes the qualified investment out of service; or

(C) transfers the qualified investment out of this state.

(f) A taxpayer is not entitled to a credit under this section for expenditures that are made or incurred for the qualified capital investment or for qualified services made for exploration and development of gas that occur in the area of Alaska lying north of 68 degrees North latitude or that are made or incurred to transport gas from reserves located in the area of Alaska lying north of 68 degrees North latitude.

(g) A taxpayer who obtains a credit under this section may not claim a tax credit or royalty modification provided for under any other title. However, a taxpayer may, at the taxpayer's election, forgo a credit under this section in order to continue to qualify for a credit provided for in another title.

(h) For purposes of determining allowable credits under this section, the department shall allow only expenditures and payments that are not inconsistent with the expenditures authorized under 26 U.S.C. (Internal Revenue Code) for exploration and development of natural resources.

(i) In this section,

(1) "qualified capital investment" means a cash expenditure or binding payment agreement, as described in (b)(1) of this section, for real property or tangible personal property used in this state in the exploration and development of gas reserves in a gas reservoir for which there has not been commercial production if the reserves produce gas for sale and delivery; in this paragraph, "property" includes

(A) property used in the operation or maintenance of facilities for exploration or development of gas;

(B) property that is placed in use under a capitalized lease or an operating lease; and

(C) the following property used for the exploration and development of gas:

(i) machinery, appliances, supplies, and equipment;

(ii) drilling rigs, wells, gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;

(iii) roads, docks and other port facilities, and helicopter pads;

(iv) maintenance equipment and facilities, and maintenance camps and other related facilities; and

(v) communications facilities owned by a person whose principal business in the state is the exploration for or development of gas and whose operation of the communications facilities directly relates to the conduct of that business;

(2) "qualified services"

(A) means expenditures for labor, seismic, and other services that are directly applicable to a qualified capital investment;

(B) does not include lease operating expenses.

Sec. 43.20.044. Exploration incentive credit.

(a) A taxpayer may apply as a credit against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30.

(b) In a tax year in which a taxpayer applies against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30, the commissioner shall require the taxpayer to submit the accounting of mining operation activities form required by AS 27.30.030(b).

Sec. 43.20.045. Proration of part-year resident and nonresident individual credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Article 02. ALLOCATION AND APPORTIONMENT

Sec. 43.20.050. Taxpayer liable. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.051. Income from sources in the state of nonresident partners.

In determining the source of a nonresident partner's income, effect may not be given to a provision in the partnership agreement that

(1) characterizes payments to the partner as being for services or for the use of capital;

(2) allocates to the partner, as income or gain from sources outside the state, a greater proportion of the partner's distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside the state to partnership income or gain from all sources; or

(3) allocates to the partner a greater proportion of a partnership item of loss or deduction connected to Alaska sources than the partner's proportionate share, for federal income tax purposes of partnership loss or deduction generally.

Sec. 43.20.060. Direct allocation. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.061. Credit for taxes paid another state. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.065. Allocation and apportionment.

A taxpayer who has income from business activity that is taxable both inside and outside the state or income from other sources both inside and outside the state shall allocate and apportion net income as provided in AS 43.19 (Multistate Tax Compact), or as provided by this chapter.

Sec. 43.20.070. Employees of interstate carriers. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.071. Transportation carriers.

(a) All business income of water transportation carriers shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by the following:

(1) the numerator of the property factor is the sum of the value for property in a fixed location, including buildings and land used in the business, and intrastate equipment and personal property determined according to AS 43.19 (Multistate Tax Compact), and the value of interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the property factor is determined according to AS 43.19 (Multistate Tax Compact);

(2) the numerator of the payroll factor is the sum of the wages and salaries of employees assigned to fixed locations determined according to AS 43.19 (Multistate Tax Compact) and the wages and salaries of employees assigned to interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the payroll factor is determined in accordance with AS 43.19 (Multistate Tax Compact);

(3) the numerator of the sales factor is the sum of all revenues from intrastate activities and revenues from interstate activities determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator is determined in accordance with AS 43.19 (Multistate Tax Compact);

(4) the portions of the numerator of the property, payroll, and sales factors which are

directly related to interstate mobile property operations are determined by a ratio which the number of days spent in ports inside the state bears to the total number of days spent in ports inside and outside the state; the term "days spent in ports" does not include periods when ships are tied up because of strikes or withheld from Alaska service for repairs, or because of seasonal reduction of service; days in port are computed by dividing the total number of hours in all ports by 24.

(b) The department shall, by regulation, adopt formulas to ensure that the total income subject to apportionment under this chapter has been apportioned only to those states having jurisdiction to tax the income. Transportation carriers other than water carriers shall apportion their income to the state by means of the formulas adopted by the department.

Sec. 43.20.072. Oil and gas producers and pipelines.

(a) All business income of a taxpayer engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by this section.

(b) A taxpayer's business income to be apportioned under this section to the state shall be the federal taxable income of the taxpayer's consolidated business for the tax period, except that

(1) taxes based on or measured by net income that are deducted in the determination of the federal taxable income shall be added back; the tax levied and paid under AS 43.55 may not be added back;

(2) intangible drilling and development costs that are deducted as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) in the determination of the federal taxable income shall be capitalized and depreciated as if the option to treat them as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) had not been exercised;

(3) depletion deducted on the percentage depletion basis under 26 U.S.C. 613 (Internal Revenue Code) in the determination of the federal taxable income shall be recomputed and deducted on the cost depletion basis under 26 U.S.C. 612 (Internal Revenue Code); and

(4) depreciation shall be computed on the basis of 26 U.S.C. 167 (Internal Revenue Code) as that section read on June 30, 1981.

(c) A taxpayer's business income shall be apportioned to this state by multiplying the taxpayer's income determined under (b) of this section by the apportionment factor

applicable to the taxpayer among the following factors:

(1) the apportionment factor of a taxpayer subject to this section but not engaged in the production of oil and gas, or of gas only, as appropriate, from a lease or property in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under AS 43.19 (Multistate Tax Compact) and the sales factor under (d) of this section for the taxpayer for that tax period, and the denominator of which is two;

(2) the apportionment factor of a taxpayer subject to this section but not engaged in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under (e) of this section and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is two;

(3) the apportionment factor of a taxpayer engaged both in the production of oil or gas from a lease or property in this state and in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the sales factor under (d) of this section, the property factor under (e) of this section, and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is three.

(d) The sales factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer for transporting oil or gas by pipeline in this state, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer in this state, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding those sales already included in the tariffs described in (A) of this paragraph; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer's consolidated business for transporting oil or gas by pipeline everywhere, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer's consolidated business everywhere, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding those sales already included in the tariffs described in (A) of this paragraph.

(e) Unless otherwise specified in this section, the property factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26 U.S.C. 263(c) (Internal Revenue Code), for the taxpayer's producing oil and gas wells in this state; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the real and tangible personal property everywhere owned or rented and used by the taxpayer's consolidated business during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26 U.S.C. 263(c) (Internal Revenue Code), for the producing oil and gas wells everywhere of the taxpayer's consolidated business.

(f) The extraction factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the number of barrels of the taxpayer's oil (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state; and

(B) one-sixth of the number of Mcf of the taxpayer's gas (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state, excluding reinjected gas; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the number of barrels of oil of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere; and

(B) one-sixth of the number of Mcf of gas of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere, excluding reinjected gas.

(g) A taxpayer that has signed a contract approved by the legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the legislature in implementing the purposes of AS 43.82, providing for payments in lieu of the tax under this chapter and that has nexus with the state solely as the result of the taxpayer's participation in the approved qualified project that is subject to the contract or would not, but for such participation, be engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state, is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "barrel" means the quantity of oil contained in 42 United States gallons of 231 cubic inches each, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(2) "consolidated business" means a corporation or group of corporations having more than 50 percent common ownership, direct or indirect, or a group of corporations in which there is common control, either direct or indirect, as evidenced by any arrangement, contract, or agreement; the requirements of this chapter apply whether or not the taxpayer is the parent or controlling corporation;

(3) "federal taxable income" means taxable income as the term is used in [AS 43.20.011](#) - 43.20.065;

(4) "gas" means all hydrocarbons produced that are not defined as oil, including all liquid hydrocarbons extracted at a gas processing plant;

(5) "lease or property" has the meaning given it by the department in its regulations;

(6) "Mcf " means the quantity of gas contained in 1,000 cubic feet of space, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch; and

(7) "oil" means crude petroleum oil and other hydrocarbons, regardless of API gravity, which are produced in liquid form, including the liquid hydrocarbons sometimes known as distillate or condensate which are recovered by separation from gas other than at a gas processing plant.



Title 43. REVENUE AND TAXATION

Chapter 43.20. ALASKA NET INCOME TAX ACT



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Sec. 21.89.070. Insurance tax credit for gifts to colleges.

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or [AS 21.66.110](#) for cash contributions for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, that are accepted by a nonprofit, public or private, Alaska two-year or four-year college or university accredited by a regional accreditation association or that are accepted by an Alaska university foundation that supports a university or college that could receive a contribution for which a taxpayer may obtain a credit under this section. The amount of the credit is the lesser of

(1) an amount equal to

(A) 50 percent of contributions of not more than \$100,000; and

(B) 100 percent of the next \$100,000 of contributions; or

(2) 50 percent of the taxpayer's tax liability under this title.

(b) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.075](#), [AS 43.20.014](#), [AS 43.55.019](#), [AS 43.56.018](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

(d) A contribution allowed as a tax credit under this section is not subject to [AS 21.09.270](#).

Sec. 21.89.071. Insurance tax credit for gifts to Alaska veterans' memorial endowment fund. [Repealed, Sec. 25 ch. 46 SLA 2002].

Repealed or Renumbered

Sec. 21.89.075. Insurance tax credit for gifts to the Alaska Fire Standards Council.

(a) For cash contributions prequalified under (d) of this section and made for fire services programs to the Alaska Fire Standards Council established under [AS 18.70.330](#), a taxpayer is allowed a credit against the tax due under [AS 21.09.210](#) that is imposed on insurance that includes coverage for losses due to fire.

(b) The amount of the credit allowed to a taxpayer under (a) of this section is the lesser of

(1) an amount equal to

(A) 50 percent of contributions of not more than \$100,000; and

(B) 100 percent of the next \$100,000 of contributions; or

(2) 50 percent of the taxpayer's tax liability under this title.

(c) A contribution claimed by a taxpayer as a credit under this section may not

(1) be claimed as a credit under more than one provision of this title;

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), [AS 43.20.014](#), [AS 43.55.019](#), [AS 43.56.018](#), [AS 43.65.018](#), [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000; or

(3) be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

(d) A taxpayer may not claim a contribution as a credit under (a) of this section unless the taxpayer applies to the director for prequalification of the contribution as a tax credit and receives written notice from the director that the contribution prequalifies for the tax credit described under this section. The director shall allow prequalified tax credits for contributions under this section in the order that the director receives applications by taxpayers and may not provide notice of prequalification if the taxpayer's contribution would cause the total contributions made by all taxpayers during the calendar tax year to exceed \$300,000.

(e) A contribution allowed as a tax credit under this section is not subject to [AS 21.09.270](#).

Sec. 21.89.080. Electronic transactions.

(a) Notwithstanding any contrary provision of this title, the director may, by

regulation or by order, provide for the electronic transaction of any information or written communication under this title.

(b) An electronic transaction under this section must comply with AS 09.80.

Sec. 21.89.090. Risk retention groups and purchasing groups.

(a) A risk retention group or a purchasing group formed under and in compliance with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act) shall register with the director and shall at all times transact business in compliance with federal law and with the laws of this state that are not preempted by federal law.

(b) A risk retention group or a purchasing group shall apply for initial registration on forms prescribed by the director. Payment of a registration fee established under [AS 21.06.250](#) shall be submitted with the application.

(c) A risk retention group or a purchasing group may continue its registration if it is in compliance with federal law. Payment of an annual continuation fee established under [AS 21.06.250](#) shall be submitted with the continuation application.

(d) A risk retention group holding a valid certificate of authority as a domestic insurer or a purchasing group duly licensed under AS 21.27 as a resident licensee is not required to be additionally registered under this section.

(e) In addition to any other penalty provided by law, a person that the director determines under [AS 21.06.170](#) - 21.06.240 has violated a provision of this title relative to a risk retention group or a purchasing group is subject to a civil penalty of not more than \$10,000 for a violation or, if the director determines that the person wilfully violated a provision of this title, a civil penalty of not more than \$25,000 for a violation.

(f) The director may adopt regulations on the operation and reporting requirements of a risk retention group that are not in conflict with 15 U.S.C. 3901 - 3906 (Liability Risk Retention Act).

Sec. 21.89.100. Appointment of independent counsel; conflicts of interest; settlement.

(a) If an insurer has a duty to defend an insured under a policy of insurance and a conflict of interest arises that imposes a duty on the insurer to provide independent counsel to the insured, the insurer shall provide independent counsel to the insured unless the insured in writing waives the right to independent counsel. An insurance policy may contain a provision that provides a method of selecting independent counsel if the provision complies with this section.

(b) For purposes of this section, the following do not constitute a conflict of interest:

(1) a claim of punitive damages;

(2) a claim of damages in excess of the policy limits;

(3) claims or facts in a civil action for which the insurer denies coverage.

(c) Notwithstanding (b) of this section, if the insurer reserves the insurer's rights on an issue for which coverage is denied, the insurer shall provide independent counsel to the insured as provided under (a) of this section.

(d) If the insured selects independent counsel at the insurer's expense, the insurer may require that the independent counsel have at least four years of experience in civil litigation, including defense experience in the general subject area at issue in the civil action, and malpractice insurance. Unless otherwise provided in the insurance policy, the obligation of the insurer to pay the fee charged by the independent counsel is limited to the rate that is actually paid by the insurer to an attorney in the ordinary course of business in the defense of a similar civil action in the community in which the claim arose or is being defended. In providing independent counsel, the insurer is not responsible for the fees and costs of defending an allegation for which coverage is properly denied and shall be responsible only for the fees and costs to defend those allegations for which the insurer either reserves its position as to coverage or accepts coverage. The independent counsel shall keep detailed records allocating fees and costs accordingly. A dispute between the insurer and insured regarding attorney fees that is not resolved by the insurance policy or this section shall be resolved by arbitration under AS 09.43.

(e) If the insured selects independent counsel at the insurer's expense, the independent counsel and the insured shall consult with the insurer on all matters relating to the civil action and shall disclose to the insurer in a timely manner all information relevant to the civil action, except information that is privileged and relevant to disputed coverage. A claim of privilege is subject to review in the appropriate court. Information disclosed by the independent counsel or the insured does not waive another party's right to assert privilege.

(f) An insured may waive the right to select independent counsel by signing a statement that reads substantially as follows:

I have been advised of my right to select independent counsel to represent me in this lawsuit and of my right under state law to have all reasonable expenses of an independent counsel paid by my insurer. I have also been advised that the Alaska Supreme Court has ruled that when an insurer defends an insured under a reservation of rights provision in an insurance policy, there are various conflicts of interest that arise between an insurer and an insured. I have considered this matter fully and at this time I am waiving my right to

select independent counsel. I have authorized my insurer to select a defense counsel to represent me in this lawsuit.

(g) If an insured selects independent counsel under this section, both the counsel representing the insurer and independent counsel representing the insured shall be allowed to participate in all aspects of the civil action. Counsel for the insurer and insured shall cooperate fully in exchanging information that is consistent with ethical and legal obligations to the insured. Nothing in this section relieves the insured of the duty to cooperate fully with the insurer as required by the terms of the insurance policy.

(h) When an insured is represented by independent counsel, the insurer may settle directly with the plaintiff if the settlement includes all claims based upon the allegations for which the insurer previously reserved its position as to coverage or accepted coverage, regardless of whether the settlement extinguishes all claims against the insured.

Sec. 21.89.110. Viatical settlement transactions.

(a) The director shall regulate the transaction of viatical settlement contracts for the protection of viators, insureds, and insurers. The authority of the director under this subsection extends to the regulation of transactions between a viator and a viatical settlement provider and between a viator and a person acting as an agent in viaticating a life insurance policy, while the authority of the commissioner extends to the regulation of viatical settlement investments as provided under [AS 45.55.905](#) (c).

(b) A viatical settlement provider, representative, or broker must apply for a license with the director, submit information required by the director, and pay the required fee established under AS 21.06.250 with the application for licensure. A person may not act as or represent to be a viatical settlement provider, representative, or broker relative to a subject resident, located, or to be performed in this state unless licensed under this section.

(c) Viatical settlement contract forms, viator and insured disclosure statements, and viatical settlement advertising materials must be filed by the viatical settlement provider, representative, or broker with the director and must be approved by the director.

(d) The director may examine a licensed viatical settlement provider, representative, or broker, or an applicant for a viatical settlement provider, representative, or broker license. The cost of the examination shall be paid by the person examined under [AS 21.06.160](#).

(e) Except as may be required in the course of conduct of the division's responsibilities, a viatical settlement provider, representative, or broker may not disclose to another person the identity of the viator or insured of an insurance policy that is the subject of a viatical settlement contract. The viator may waive this prohibition against

disclosure if the waiver is in writing and is signed by the viator.

(f) The director may adopt regulations to implement this section, including standards for

(1) viatical settlement provider, representative, and broker reporting requirements and records retention;

(2) viator and insured privacy protection;

(3) viatical settlement contract provisions, advertising materials, and filing requirements;

(4) payments to viators or insureds, including evaluating the reasonableness of payments under a viatical settlement contract;

(5) licensing requirements, including license qualification, disqualification, and renewal;

(6) financial accountability of viatical settlement providers;

(7) the relationship and responsibilities of insurers, viators, insureds, and viatical settlement providers, representatives, and brokers in the transaction of a viatical settlement contract;

(8) viator, insured, and insurer protection, including full and fair disclosure setting out the manner and content of required disclosures and filing requirements; and

(9) assessment of fees to cover the cost of regulating viatical settlement contracts, providers, representatives, and brokers.

(g) A violation of this section or a regulation adopted under this section is an unfair trade practice and subject to penalty under AS 21.36.

(h) In this section,

(1) "transaction" means, with respect to viatical settlement contracts,

(A) solicitation and inducement;

(B) preliminary negotiations;

(C) effectuation of a viatical settlement contract;

(D) transaction of matters subsequent to the effectuation of the viatical settlement contract and arising out of it;

(2) "viatical settlement broker"

(A) means a person that, on behalf of a viator or insured and for a fee, commission, or other valuable consideration, offers or attempts to negotiate viatical settlement contracts between a viator or insured and one or more viatical settlement providers;

(B) does not include a person acting as an attorney or accountant retained to represent a viator or insured and compensated by or at the direction of the viator or insured;

(3) "viatical settlement contract"

(A) means a written agreement between a viator or insured and a viatical settlement provider for the sale, assignment, transfer, devise, or bequest to the viatical settlement provider by the viator or insured of all or a portion of the death benefit or ownership of a life insurance policy for consideration that is less than the expected death benefit of the life insurance policy;

(B) includes a contract for a loan or other financial transaction secured primarily by an individual or group life insurance policy;

(C) does not include

(i) a loan by a life insurance company under the terms of a life insurance contract;

(ii) a loan secured by the cash value of a policy;

(iii) the assignment of a life insurance policy as collateral for a loan to a bank, saving bank, savings and loan association, credit union, or other licensed lending institution;

(iv) the exercise by the viator or insured of an accelerated benefits provision under the terms of the life insurance contract; or

(v) the sale, assignment, transfer, devise, or bequest of a life insurance policy for less than the expected death benefit by a viator or insured to a friend or family member if the friend or family member does not enter into more than one agreement in a calendar year;

(4) "viatical settlement provider" means a person, other than a viator or insured, that enters into a viatical settlement contract, including a person that

(A) obtains financing for the purchase, acquisition, transfer, or other assignment of one or more viatical settlement contracts, viaticated policies, or interests in viatical settlement contracts or viaticated policies; or

(B) sells, assigns, transfers, pledges, hypothecates, or disposes of one or more viatical settlement contracts, viaticated policies, or interests in viatical settlement contracts or viaticated policies;

(5) "viatical settlement representative"

(A) means a person that is an authorized agent of a viatical settlement provider or broker and that acts or aids in any manner in the transaction of a viatical settlement contract;

(B) does not include

(i) a person acting as an attorney or an accountant, or a person exercising a power of attorney granted by a viator or insured; or

(ii) a person retained to represent a viator or insured and compensated by or at the direction of the viator or insured;

(6) "viaticated policy" means a life insurance policy that has been acquired by a viatical settlement provider under a viatical settlement contract;

(7) "viator" means the owner of a life insurance policy insuring the life of an individual who enters or seeks to enter into a viatical settlement contract.

Chapter 21.90. GENERAL PROVISIONS

Sec. 21.90.010. Particular provisions prevail.

Provisions of this title relative to a particular kind of insurance or a particular type of insurer or to a particular matter prevail over provisions relating to insurance in general or insurers in general or to a particular matter in general.

Sec. 21.90.020. General penalty.

A person determined by the director, following an appropriate hearing as provided in [AS 21.06.170](#) - 21.06.230, to have violated a provision of this title or a regulation adopted

under it, for which violation a greater penalty is not provided in this title, is subject to a civil penalty of not more than \$2,500.

Sec. 21.90.030. - 21.90.110l Definitions. [Repealed, Sec. 23 ch 21 SLA 1985. For current law see [AS 21.90.900](#)].

Repealed or Renumbered

Sec. 21.90.900. Definitions for title.

In this title, unless the context requires otherwise,

- (1) "admitted insurer" means an authorized insurer;
- (2) "agent" means a person appointed by an insurer to solicit applications for insurance or annuities on its behalf, and if authorized to do so, to effectuate and countersign insurance contracts, except life or health insurance or annuities, and to collect premiums on insurance or annuities;
- (3) "alien insurer" means an insurer formed under the laws of a country other than the United States of America, its states, districts, territories, and commonwealths;
- (4) "assumption reinsurance" means a form of reinsurance that includes the transfer of all contractual obligations to the assuming insurer with no recourse to the ceding insurer;
- (5) "attorney-in-fact" means a person designated and appointed by the subscribers of a reciprocal insurer to act for and bind the subscribers in transactions relating to or arising out of the operations of a reciprocal insurer, subject to the limitations that may be lawfully provided;
- (6) "authorized insurer" means an insurer authorized by a certificate of authority issued by the director to transact insurance in this state;
- (7) "broker" means a person who is not an agent of the insurer and who, on behalf of the insured, for compensation as an independent contractor by commission or fee, solicits, negotiates, or procures insurance or reinsurance or the renewal or continuance of insurance or reinsurance; or in any manner aids in the solicitation, negotiation, procurement, renewal, or continuance of insurance or reinsurance, for insureds or prospective insureds not including the broker;
- (8) "certified financial statement" means a financial statement upon which an independent certified public accountant, or an accountant holding a substantially

equivalent designation as determined by the director, renders or disclaims an opinion after performance of an audit;

(9) "commissioner" means the commissioner of commerce, community, and economic development;

(10) "court" means superior court;

(11) "director" means the director of the division of insurance;

(12) "division" means the division of insurance, Department of Commerce, Community, and Economic Development;

(13) "domestic insurer" means an insurer formed under the laws of this state;

(14) "evergreen clause" means a contract clause that provides that the contract is automatically renewed unless notice to the contrary is given by one of the parties to the contract;

(15) "examiner" means an individual or firm that has been authorized by the director to conduct an examination under this title;

(16) "facultative reinsurance" means a contract of reinsurance for individual risks where the insurer retains the ability to accept or reject each risk offered by the ceding company;

(17) "firm" means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity;

(18) "foreign insurer" means an insurer formed under the laws of a jurisdiction other than this state and includes an alien insurer;

(19) "health discount plan" means a card, program, device, arrangement, contract, or mechanism that purports to offer discounts or access to discounts on health care services or supplies and that is not insurance or that does not provide coverage for services or benefits regulated under AS 21.86 or AS 21.87;

(20) "impaired" or "impairment" means that

(A) an insurer's policyholder surplus is greater than zero but less than that required by [AS 21.09.070](#) for the authority to transact the kinds of insurance being transacted; or

(B) an insurer is being operated in a manner that has caused or might cause

irreparable loss and injury to the insurer or to the public;

(21) "independent adjuster" means a person who, for compensation as an independent contractor or as an employee of an independent contractor, for fee or commission, investigates and adjusts losses or claims arising under insurance contracts on behalf of an insurer;

(22) "independently procured insurance" means insurance procured directly from a nonadmitted insurer directly by an insured, but does not include insurance lawfully procured through a surplus lines broker under AS 21.34;

(23) "industrial life insurance" means that form of life insurance written under policies with a face amount of \$1,000 or less, with the words "industrial policy" imprinted on the face as part of the descriptive matter, and under which premiums are payable monthly or more often;

(24) "insolvent" or "insolvency" means that an insurer's policyholder surplus is less than or equal to zero;

(25) "insurance" means a contract whereby one undertakes to indemnify another or pay or provide a specified or determinable amount or benefit upon determinable contingencies;

(26) "insurance producer" has the meaning given in [AS 21.27.900](#);

(27) "insurer" includes a person engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance or of annuity;

(28) "licensee" means a person or firm licensed as provided in AS 21.27;

(29) "managing general agent" means a person who

(A) manages all or part of the insurance business of an insurer, including the managing of a separate division, department, or underwriting office; and

(B) acts as an agent for an insurer, whether known as a managing general agent, manager, or other similar term, who, with or without the authority, separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year together with the following activity related to the business produced, adjusts or pays claims over \$10,000 a claim, or negotiates reinsurance on behalf of the insurer;

(30) "medical care" means amounts paid for

(A) diagnosis, care, mitigation, treatment, or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body;

(B) transportation primarily for and essential to medical care described in (A) of this paragraph; and

(C) insurance covering medical care described in (A) and (B) of this paragraph.

(31) "nonadmitted insurer" means an unauthorized insurer;

(32) "person" has the meaning given in [AS 01.10.060](#) and includes an insurer, Lloyd's, fraternal benefit society, medical service, or hospital service plan as defined in AS 21.87, reciprocal or interinsurance exchange, syndicate, and any other legal entity engaged in the business of transacting insurance;

(33) "policy" means the written contract of or written agreement for or effecting insurance, by whatever name called, and includes all clauses, riders, endorsements, and papers attached to it and a part of it; for a group, trust, association, or similar entity, "policy" also means a certificate or other evidence of insurance that establishes the written contract of or written agreement for or effecting insurance for an insured or other beneficiary of the entity;

(34) "policyholder surplus" means

(A) for a stock insurer, the sum of its capital, as represented by the aggregate par value to its outstanding capital stock, and its surplus, if any;

(B) for a mutual insurer, its surplus, both basic guaranteed and additional, if any;

(C) for an insurer other than a stock or mutual insurer, the net worth of the insurer, calculated as its recorded assets less its liabilities, as determined by the accounting criteria set out in this title;

(35) "premium" means the consideration for insurance, by whatever name called, and by whatever method paid or collected, including an assessment, or membership, policy, survey, inspection, service or similar fee or charge made in consideration for an insurance contract;

(36) "reinsurance" means an insurance transaction by which the assuming insurer agrees to indemnify the ceding insurer in whole or in part against liability or losses that the ceding insurer might incur under a separate contract of insurance with its insured;

(37) "reinsurance intermediary" means a person who acts as a producer in soliciting, negotiating, or procuring the making of a reinsurance contract or binder on behalf of a ceding admitted insurer or acts as a producer in accepting a reinsurance contract or binder on behalf of an assuming admitted insurer;

(38) "reinsurance intermediary broker" means a person who solicits, negotiates, or places reinsurance cessions or retrocessions on behalf of a ceding admitted insurer without the authority or power to bind reinsurance on behalf of the insurer;

(39) "reinsurance intermediary manager" means a person including an insurer who has authority to bind or manage all or part of the assumed reinsurance business of an admitted reinsurer, including the management of a separate division, department, or underwriting office, and who acts as an agent for the reinsurer;

(40) "state" means a state, District of Columbia, territory, commonwealth, or possession of the United States of America;

(41) "surplus lines broker" means a person licensed under AS 21.27 to place insurance in this state or relative to a subject resident, located, or to be performed in this state with eligible surplus lines insurers under AS 21.34;

(42) "surplus lines insurance" means any insurance in this state or relative to a subject resident, located, or to be performed in this state that is permitted under AS 21.34 to be placed through a surplus lines broker licensed under AS 21.27 with nonadmitted insurers eligible to accept insurance other than reinsurance, wet marine and transportation insurance, insurance independently procured, life insurance, and an annuity contract;

(43) "third-party administrator" means a person who, for residents of this state, or for residents of another jurisdiction from a place of business in this state, performs administrative functions including claims administration and payment, marketing administrative functions, premium accounting, premium billing, coverage verification, underwriting authority, or certificate issuance in connection with life insurance, annuities, health insurance, or the provision of coverage for the cost of medical care;

(44) "transact," with respect to insurance or the provision of coverage for medical care, includes

(A) solicitation and inducement;

(B) preliminary negotiations;

(C) effectuation of a contract of insurance or the provision of coverage for medical care;

(D) transaction of matters subsequent to effectuation of the contract of insurance or the provision of coverage for medical care and arising out of it;

(45) "unauthorized insurer" means an insurer not authorized to transact insurance in this state.

Sec. 21.90.910. Exceptions from definitions. [Repealed, Sec. 223 ch 67 SLA 1992].

Repealed or Renumbered

Title 22. JUDICIARY

Chapter 22.05. THE SUPREME COURT

Sec. 22.05.010. Jurisdiction.

(a) The supreme court has final appellate jurisdiction in all actions and proceedings. However, a party has only one appeal as a matter of right from an action or proceeding commenced in either the district court or the superior court.

(b) Appeal to the supreme court is a matter of right only in those actions and proceedings from which there is no right of appeal to the court of appeals under [AS 22.07.020](#) or to the superior court under [AS 22.10.020](#) or [AS 22.15.240](#).

(c) A decision of the superior court on an appeal from an administrative agency decision may be appealed to the supreme court as a matter of right.

(d) The supreme court may in its discretion review a final decision of the court of appeals on application of a party under AS 22.07.030. The supreme court may in its discretion review a final decision of the superior court on an appeal of a civil case commenced in the district court. In this subsection "final decision" means a decision or order, other than a dismissal by consent of all parties, that closes a matter in the court of appeals or the superior court, as applicable.

(e) The supreme court may issue injunctions, writs, and all other process necessary to the complete exercise of its jurisdiction.

Sec. 22.05.015. Transfer of appellate cases.

(a) The supreme court may transfer to the court of appeals for decision a case pending before the supreme court if the case is within the jurisdiction of the court of appeals.

(b) The supreme court may take jurisdiction of a case pending before the court of appeals if the court of appeals certifies to the supreme court that the case involves a significant question of law under the Constitution of the United States or under the constitution of the state or involves an issue of substantial public interest that should be determined by the supreme court.

(c) A case filed in the supreme court or in the court of appeals may not be dismissed by one court on the ground that it is within the jurisdiction of the other court. The case shall be transferred to the proper court.

Sec. 22.05.020. Composition and general powers of supreme court.

(a) The supreme court is a court of record and consists of five justices including the chief justice.

(b) The supreme court is vested with all power and authority necessary to carry into complete execution all its judgments, decrees, and determinations in all matters within its jurisdiction, according to the constitution, the laws of the state, and the common law.

(c) The supreme court may prescribe by rule the fees to be charged by all courts for judicial services.

Sec. 22.05.025. Court facilities.

(a) The supreme court has authority over

(1) all matters relating to the

(A) maintenance, occupancy, and operation of all court facilities;

(B) rent or lease of facilities for court system purposes, subject to [AS 36.30.080](#) (c);
and

(C) acquisition of facilities for court system purposes by lease-purchase or lease-financing agreements, subject to [AS 36.30.085](#); and

(2) the planning, design, and construction of court facilities but, in the exercise of its authority under this paragraph, the supreme court shall cooperate and coordinate with the Department of Transportation and Public Facilities so that court facility construction projects are carried out in accordance with the statutes and regulations applicable to state public works projects.

(b) In this section, "court facility" means a state facility in which 75 percent or more of the net usable space is occupied by the court system and other justice-related agencies.

Sec. 22.05.030. Session of court.

The supreme court shall always be open for the transaction of business in the manner determined by rule of the court. The supreme court shall hold sessions on dates and at places fixed by court rule.



Title 21. INSURANCE

Chapter 21.89. MISCELLANEOUS PROVISIONS



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Sec. 43.55.019. Oil or gas producer education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a producer of oil or gas is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991]*.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.20.014](#), [AS 43.56.018](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

(e) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

Sec. 43.55.020. Payment of tax.

(a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i) shall pay the tax as follows:

(1) an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (2) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by [AS 43.55.011](#) (e) for the calendar year, but the amount of the installment payment may

not be less than zero:

(A) for oil and gas produced from leases or properties in the state outside the Cook Inlet sedimentary basin but not subject to AS 43.55.011(o), other than leases or properties subject to AS 43.55.011(f), the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under [AS 43.55.011](#) (g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under [AS 43.55.165](#) and 43.55.170 that are deductible for the leases or properties under [AS 43.55.160](#) from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

(B) for oil and gas produced from leases or properties subject to AS 43.55.011(f), the greatest of

(i) zero;

(ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from all leases or properties during the month for which the installment payment is calculated; or

(iii) the sum of 25 percent and the tax rate calculated for the month under [AS 43.55.011](#) (g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under [AS 43.55.165](#) and 43.55.170 that are deductible for those leases or properties under [AS 43.55.160](#) from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated;

(C) for oil and gas produced from each lease or property subject to [AS 43.55.011](#) (j), (k), or (o), the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under [AS 43.55.011](#) (g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under [AS 43.55.165](#) and 43.55.170 that are deductible under [AS 43.55.160](#) for oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas,

respectively, produced from the lease or property during the month for which the installment payment is calculated;

(2) an amount calculated under (1)(C) of this subsection for oil or gas produced from a lease or property subject to [AS 43.55.011](#) (j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in [AS 43.55.011](#) (j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in [AS 43.55.011](#) (k)(1) or (2), as applicable, for oil, but substituting in [AS 43.55.011](#) (j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in [AS 43.55.011](#) (k)(1)(A) or (2)(A), as applicable, the amount of taxable oil produced during the month for the amount of taxable oil produced during the calendar year;

(3) an installment payment of the estimated tax levied by AS 43.55.011(i) for each lease or property is due for each month of the calendar year on the last day of the following month; the amount of the installment payment is the sum of

(A) the applicable tax rate for oil provided under [AS 43.55.011](#) (i), multiplied by the gross value at the point of production of the oil taxable under [AS 43.55.011](#) (i) and produced from the lease or property during the month; and

(B) the applicable tax rate for gas provided under [AS 43.55.011](#) (i), multiplied by the gross value at the point of production of the gas taxable under [AS 43.55.011](#) (i) and produced from the lease or property during the month;

(4) any amount of tax levied by [AS 43.55.011](#) (e) or (i), net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production.

(b) The production tax on oil and gas shall be paid to the department by or on behalf of the producer.

(c) *[Repealed, Sec. 7 ch 101 SLA 1972].*

(d) In making settlement with the royalty owner for oil and gas that is taxable under [AS 43.55.011](#), the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid. If the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner. Unless otherwise agreed between the producer and the royalty owner, the amount of the tax paid under [AS 43.55.011](#) (e) - (g) on taxable royalty oil and gas for a calendar

year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which

(1) the numerator is the producer's total tax liability under AS 43.55.011(e) - (g) for the calendar year of production; and

(2) the denominator is the total gross value at the point of production of the oil and gas taxable under [AS 43.55.011](#) (e) - (g) produced by the producer from all leases and properties in the state during the calendar year.

(e) Gas flared, released, or allowed to escape in excess of the amount authorized by the Alaska Oil and Gas Conservation Commission is considered, for the purpose of [AS 43.55.011](#) - 43.55.180, as gas produced from a lease or property. Oil or gas used in the operation of a lease or property in the state in drilling for or producing oil or gas, or for repressuring, except to the extent determined by the Alaska Oil and Gas Conservation Commission to be waste, is not considered, for the purpose of [AS 43.55.011](#) - 43.55.180, as oil or gas produced from a lease or property.

(f) If oil or gas is produced but not sold, or if oil or gas is produced and sold under circumstances where the sale price does not represent the prevailing value for oil or gas of like kind, character, or quality in the field or area from which the product is produced, the department may require the tax to be paid upon the basis of the value of oil or gas of the same kind, quality, and character prevailing for that field or area during the calendar month of production or sale.

(g) Notwithstanding any contrary provision of [AS 43.05.225](#), an unpaid amount of an installment payment required under (a)(1) - (3) of this section that is not paid when due bears interest (1) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production, and (2) as provided for a delinquent tax under [AS 43.05.225](#) after that March 31. Interest accrued under (1) of this subsection that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (2) of this subsection. An unpaid amount of tax due under (a)(4) of this section that is not paid when due bears interest as provided for a delinquent tax under [AS 43.05.225](#).

(h) Notwithstanding any contrary provision of [AS 43.05.280](#),

(1) an overpayment of an installment payment required under (a)(1) - (3) of this section bears interest at the rate provided for an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the later of the date the

installment payment is due or the date the overpayment is made, until the earlier of

(A) the date it is refunded or is applied to an underpayment; or

(B) March 31 following the calendar year of production;

(2) except as provided under (1) of this subsection, interest with respect to an overpayment is allowed only on any net overpayment of the payments required under (a) of this section that remains after the later of March 31 following the calendar year of production or the date that the statement required under [AS 43.55.030](#) (a) is filed;

(3) interest is allowed under (2) of this subsection only from a date that is 90 days after the later of March 31 following the calendar year of production or the date that the statement required under AS 43.55.030(a) is filed; interest is not allowed if the overpayment was refunded within the 90-day period;

(4) interest under (2) and (3) of this subsection is paid at the rate and in the manner provided in [AS 43.05.225](#) (1).

*Sec. 43.55.021. Alaska veterans' memorial endowment fund contribution credit.
[Repealed, Sec. 25 ch 46 SLA 2002].*

Repealed or Renumbered

Sec. 43.55.023. Tax credits for certain losses and expenditures.

(a) A producer or explorer may take a tax credit for a qualified capital expenditure as follows:

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under [AS 43.55.160](#) (a), unless a credit for that expenditure is taken under [AS 38.05.180](#) (i), [AS 41.09.010](#), AS 43.20.043, or [AS 43.55.025](#), a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by [AS 43.55.011](#) (e) in the amount of 20 percent of that expenditure; however, not more than half of the tax credit may be applied for a single calendar year;

(2) a producer or explorer may take a credit for a qualified capital expenditure incurred in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2);

(B) submits to the Department of Natural Resources all data that would be required to be submitted under [AS 43.55.025](#) (f)(2).

(b) A producer or explorer may elect to take a tax credit in the amount of 25 percent of a carried-forward annual loss. A credit under this subsection may be applied against a tax levied by [AS 43.55.011](#) (e). For purposes of this subsection, a carried-forward annual loss is the amount of a producer's or explorer's adjusted lease expenditures under [AS 43.55.165](#) and 43.55.170 for a previous calendar year that was not deductible in calculating production tax values for that calendar year under [AS 43.55.160](#).

(c) A credit or portion of a credit under this section may not be used to reduce a person's tax liability under [AS 43.55.011](#) (e) for any calendar year below zero, and any unused credit or portion of a credit not used under this subsection may be applied in a later calendar year.

(d) Except as limited by (i) of this section, a person that is entitled to take a tax credit under this section that wishes to transfer the unused credit to another person or obtain a cash payment under [AS 43.55.028](#) may apply to the department for transferable tax credit certificates. An application under this subsection must be in a form prescribed by the department and must include supporting information and documentation that the department reasonably requires. The department shall grant or deny an application, or grant an application as to a lesser amount than that claimed and deny it as to the excess, not later than 120 days after the latest of (1) March 31 of the year following the calendar year in which the qualified capital expenditure or carried-forward annual loss for which the credit is claimed was incurred; (2) the date the statement required under AS 43.55.030 (a) or (e) was filed for the calendar year in which the qualified capital expenditure or carried-forward annual loss for which the credit is claimed was incurred; or (3) the date the application was received by the department. If, based on the information then available to it, the department is reasonably satisfied that the applicant is entitled to a credit, the department shall issue the applicant two transferable tax credit certificates, each for half of the amount of the credit. The credit shown on one of the two certificates is available for immediate use. The credit shown on the second of the two certificates may not be applied against a tax for a calendar year earlier than the calendar year following the calendar year in which the certificate is issued, and the certificate must contain a conspicuous statement to that effect. A certificate issued under this subsection does not expire.

(e) A person to which a transferable tax credit certificate is issued under (d) of this section may transfer the certificate to another person, and a transferee may further transfer the certificate. Subject to the limitations set out in (a) - (d) of this section, and notwithstanding any action the department may take with respect to the applicant under (g) of this section, the owner of a certificate may apply the credit or a portion of the credit shown on the certificate only against a tax levied by [AS 43.55.011](#) (e). However, a credit

shown on a transferable tax credit certificate may not be applied to reduce a transferee's total tax liability under [AS 43.55.011](#) (e) for oil and gas produced during a calendar year to less than 80 percent of the tax that would otherwise be due without applying that credit. Any portion of a credit not used under this subsection may be applied in a later period.

(f) *[Repealed, Sec. 67 ch 1 SSSLA 2007]*.

(g) The issuance of a transferable tax credit certificate under (d) of this section or the purchase of a certificate under [AS 43.55.028](#) does not limit the department's ability to later audit a tax credit claim to which the certificate relates or to adjust the claim if the department determines, as a result of the audit, that the applicant was not entitled to the amount of the credit for which the certificate was issued. The tax liability of the applicant under [AS 43.55.011](#) (e) and 43.55.017 - 43.55.180 is increased by the amount of the credit that exceeds that to which the applicant was entitled, or the applicant's available valid outstanding credits applicable against the tax levied by [AS 43.55.011](#) (e) are reduced by that amount. If the applicant's tax liability is increased under this subsection, the increase bears interest under [AS 43.05.225](#) from the date the transferable tax credit certificate was issued. For purposes of this subsection, an applicant that is an explorer is considered a producer subject to the tax levied by [AS 43.55.011](#) (e).

(h) Regulations adopted to implement this section must include provisions prescribing reporting, record keeping, and certification procedures and requirements to verify the accuracy of credits claimed and to ensure that a credit is not used more than once.

(i) For the purposes of this section,

(1) a producer's or explorer's transitional investment expenditures are the sum of the expenditures the producer or explorer incurred after March 31, 2001, and before April 1, 2006, that would be qualified capital expenditures if they were incurred after March 31, 2006, less the sum of the payments or credits the producer or explorer received before April 1, 2006, for the sale or other transfer of assets, including geological, geophysical, or well data or interpretations, acquired by the producer or explorer as a result of expenditures the producer or explorer incurred before April 1, 2006, that would be qualified capital expenditures, if they were incurred after March 31, 2006;

(2) a producer or explorer that did not have commercial production of oil or gas from a lease or property in the state before January 1, 2008, may elect to take a tax credit against a tax levied by AS 43.55.011(e) in the amount of 20 percent of the producer's or explorer's transitional investment expenditures, but only to the extent that the amount does not exceed 1/10 of the producer's or explorer's qualified capital expenditures that were incurred after March 31, 2006, and before January 1, 2008;

(3) a producer or explorer may not take a tax credit for a transitional investment expenditure

(A) for any calendar year after 2013;

(B) more than once; or

(C) if a credit for that expenditure was taken under AS 38.05.180(i), [AS 41.09.010](#), [AS 43.20.043](#), or [AS 43.55.025](#);

(4) notwithstanding (d), (e), and (g) of this section, a producer or explorer may not transfer a tax credit or obtain a transferable tax credit certificate for a transitional investment expenditure.

(j) As a condition of receiving a tax credit under this section, a producer or explorer that obtains the tax credit for or directly related to a pipeline, facility, or other asset that is or becomes subject to regulation by the Federal Energy Regulatory Commission, the Regulatory Commission of Alaska, or a successor regulatory body shall at all times support and in all rate proceedings file to flow through 100 percent of the tax credits to ratepayers as a reduction in the costs of service for the pipeline, facility, or other asset.

(k) An entity that is exempt from taxation under this chapter may not apply for a transferable tax credit certificate.

(l) In this section, "qualified capital expenditure"

(1) means, except as otherwise provided in (2) of this subsection, an expenditure that is a lease expenditure under [AS 43.55.165](#) and is

(A) incurred for geological or geophysical exploration; or

(B) treated as a capitalized expenditure under 26 U.S.C. (Internal Revenue Code), as amended, regardless of elections made under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, and is

(i) treated as a capitalized expenditure for federal income tax reporting purposes by the person incurring the expenditure; or

(ii) eligible to be deducted as an expense under 26 U.S.C. 263(c) Internal Revenue Code), as amended;

(2) does not include an expenditure incurred to acquire an asset (A) the cost of previously acquiring which was a lease expenditure under AS 43.55.165 or would have

been a lease expenditure under [AS 43.55.165](#) if it had been incurred after March 31, 2006; for purposes of this subparagraph, "asset" includes geological, geophysical, and well data and interpretations; or (B) that has previously been placed in service in the state; an expenditure to acquire an asset is not excluded under this paragraph if not more than an immaterial portion of the asset meets a description under this paragraph.

Sec. 43.55.024. Additional nontransferable tax credits.

(a) For a calendar year for which a producer's tax liability under [AS 43.55.011](#) (e) on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, exceeds zero before application of any credits under this chapter, a producer that is qualified under (e) of this section may apply a tax credit against that liability of not more than \$6,000,000.

(b) A producer may not take a tax credit under (a) of this section for any calendar year after the later of

(1) 2016; or

(2) the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, 2016, from at least one lease or property in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, if the producer did not have commercial oil or gas production from a lease or property in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, before April 1, 2006.

(c) For a calendar year for which a producer's tax liability under [AS 43.55.011](#) (e) exceeds zero before application of any credits under this chapter, other than a credit under (a) of this section but after application of any credit under (a) of this section, a producer that is qualified under (e) of this section and whose average amount of oil and gas produced a day and taxable under [AS 43.55.011](#) (e) is less than 100,000 BTU equivalent barrels a day may apply a tax credit under this subsection against that liability. A producer whose average amount of oil and gas produced a day and taxable under [AS 43.55.011](#) (e) is

(1) not more than 50,000 BTU equivalent barrels may apply a tax credit of not more than \$12,000,000 for the calendar year;

(2) more than 50,000 and less than 100,000 BTU equivalent barrels may apply a tax credit of not more than \$12,000,000 multiplied by the following fraction for the calendar year:

$$1 - [2 \times (AP - 50,000)] \div 100,000$$

where AP = the average amount of oil and gas taxable under AS 43.55.011(e), produced a day during the calendar year in BTU equivalent barrels.

(d) A producer may not take a tax credit under (c) of this section for any calendar year after the later of

(1) 2016; or

(2) if the producer did not have commercial oil or gas production from a lease or property in the state before April 1, 2006, the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, 2016, from at least one lease or property in the state.

(e) On written application by a producer that includes any information the department may require, the department shall determine whether the producer qualifies for a calendar year under this section. To qualify under this section, a producer must demonstrate that its operation in the state or its ownership of an interest in a lease or property in the state as a distinct producer would not result in the division among multiple producer entities of any production tax liability under [AS 43.55.011](#) (e) that reasonably would be expected to be attributed to a single producer if the tax credit provisions of (a) or (c) of this section did not exist.

(f) A tax credit authorized by (a) of this section may not be applied to reduce a producer's tax liability for any calendar year under [AS 43.55.011](#) (e) on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, below zero.

(g) A tax credit authorized by (c) of this section may not be applied to reduce a producer's tax liability for any calendar year under [AS 43.55.011](#) (e) below zero.

(h) An unused tax credit or portion of a tax credit under this section is not transferable and may not be carried forward for use in a later calendar year.

Sec. 43.55.025. Alternative tax credit for oil and gas exploration.

(a) Subject to the terms and conditions of this section, a credit against the production tax due under [AS 43.55.011](#) (e) or (f) is allowed for exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

(1) 20 percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

(2) 20 percent of the total exploration expenditures for work performed before July 1, 2007, and that qualify only under (b) and (d) of this section;

(3) 40 percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section; or

(4) 40 percent of the total exploration expenditures that qualify only under (b) and (e) of this section.

(b) To qualify for the production tax credit under (a) of this section, an exploration expenditure must be incurred for work performed on or after July 1, 2003, and before July 1, 2016, except that an exploration expenditure for a Cook Inlet prospect must be incurred for work performed on or after July 1, 2005, and

(1) may be for seismic or geophysical exploration costs not connected with a specific well;

(2) if for an exploration well,

(A) must be incurred by an explorer that holds an interest in the exploration well for which the production tax credit is claimed;

(B) may be for either an oil or gas discovery well or a dry hole; and

(C) must be for goods, services, or rentals of personal property reasonably required for the surface preparation, drilling, casing, cementing, and logging of an exploration well, and, in the case of a dry hole, for the expenses required for abandonment if the well is abandoned within 18 months after the date the well was spudded;

(3) may not be for testing, stimulation, or completion costs; administration, supervision, engineering, or lease operating costs; geological or management costs; community relations or environmental costs; bonuses, taxes, or other payments to governments related to the well; or other costs that are generally recognized as indirect costs or financing costs; and

(4) may not be incurred for an exploration well or seismic exploration that is included in a plan of exploration or a plan of development for any unit on May 13, 2003.

(c) To be eligible for the 20 percent production tax credit authorized by (a)(1) of this section or the 40 percent production tax credit authorized by (a)(3) of this section, exploration expenditures must

(1) qualify under (b) of this section; and

(2) be for an exploration well, subject to the following:

(A) for an exploration well other than a well that is described in (B) of this paragraph, the well must be located and drilled in such a manner that the bottom hole is located not less than three miles away from the bottom hole of a preexisting suspended, completed, or abandoned oil or gas well; in this subparagraph, "preexisting" means a well that was spudded more than 150 days but less than 35 years before the exploration well was spudded;

(B) for an exploration well that explores a Cook Inlet prospect, the well must be located at least three miles from any other well drilled for oil and gas with all distances measured as the horizontal distance between exploration targets, except that the exploration well that is located within three miles of a well drilled for oil and gas qualifies for the tax credit authorized by this subsection if the exploration well tests potential hydrocarbon traps that the commissioner of natural resources determines, after analyzing evidence submitted by the explorer and from other information that the commissioner of natural resources determines relevant, constitute a distinctly separate exploration target.

(d) To be eligible for the 20 percent production tax credit authorized by (a)(2) of this section or the 40 percent production tax credit authorized by (a)(3) of this section, an exploration expenditure must

(1) qualify under (b) of this section; and

(2) be for an exploration well that is located not less than 25 miles outside of the outer boundary, as delineated on July 1, 2003, of any unit that is under a plan of development, except that for an exploration well for a Cook Inlet prospect to qualify under this paragraph, the exploration well must be located not less than 10 miles outside the outer boundary, as delineated on July 1, 2003, of any unit that is under a plan of development.

(e) To be eligible for the 40 percent production tax credit authorized by (a)(4) of this section, the exploration expenditure must

(1) qualify under (b) of this section;

(2) be for seismic exploration; and

(3) have been conducted outside the boundaries of a production unit or an exploration unit; however, the amount of the expenditure that is otherwise eligible under this subsection is reduced proportionately by the portion of the seismic exploration activity that crossed into a production unit or an exploration unit.

(f) For a production tax credit under this section,

(1) an explorer shall, in a form prescribed by the department and within six months of the completion of the exploration activity, claim the credit and submit information sufficient to demonstrate to the department's satisfaction that the claimed exploration expenditures qualify under this section;

(2) an explorer shall agree, in writing,

(A) to notify the Department of Natural Resources, within 30 days after completion of seismic or geophysical data processing, completion of a well, or filing of a claim for credit, whichever is the latest, for which exploration costs are claimed, of the date of completion and submit a report to that department describing the processing sequence and providing a list of data sets available; if, under (c)(2)(B) of this section, an explorer submits a claim for a credit for expenditures for an exploration well that is located within three miles of a well already drilled for oil and gas, in addition to the submissions required under (1) of this subsection, the explorer shall submit the information necessary for the commissioner of natural resources to evaluate the validity of the explorer's claim that the well is directed at a distinctly separate exploration target, and the commissioner of natural resources shall, upon receipt of all evidence sufficient for the commissioner to evaluate the explorer's claim, make that determination within 60 days;

(B) to provide to the Department of Natural Resources, within 30 days after the date of a request, specific data sets, ancillary data, and reports identified in (A) of this paragraph;

(C) that, notwithstanding any provision of AS 38, information provided under this paragraph will be held confidential by the Department of Natural Resources for 10 years following the completion date, at which time that department will release the information after 30 days' public notice;

(3) if more than one explorer holds an interest in a well or seismic exploration, each explorer may claim an amount of credit that is proportional to the explorer's cost incurred;

(4) the department may exercise the full extent of its powers as though the explorer were a taxpayer under this title, in order to verify that the claimed expenditures are qualified exploration expenditures under this section; and

(5) if the department is satisfied that the explorer's claimed expenditures are qualified under this section, the department shall issue to the explorer a production tax credit certificate for the amount of credit to be allowed against production taxes due under AS 43.55.011(e) or (f).

(g) An explorer, other than an entity that is exempt from taxation under this chapter, may transfer, convey, or sell its production tax credit certificate to any person, and any person who receives a production tax credit certificate may also transfer, convey, or sell the certificate.

(h) A producer that purchases a production tax credit certificate may apply the credits against its production tax liability under [AS 43.55.011](#) (e) or (f). Regardless of the price the producer paid for the certificate, the producer may receive a credit against its production tax liability for the full amount of the credit, but for not more than the amount for which the certificate is issued. A production tax credit allowed under this section may not be applied more than once.

(i) For a production tax credit under this section,

(1) the amount of the credit that may be applied against the production tax for each calendar year may not exceed the total production tax liability under [AS 43.55.011](#) (e) or (f) of the taxpayer applying the credit for the same calendar year; and

(2) an amount of the production tax credit that is greater than the total tax liability under [AS 43.55.011](#) (e) or (f) of the taxpayer applying the credit for a calendar year may be carried forward and applied against the taxpayer's production tax liability under AS 43.55.011(e) or (f) in one or more immediately following calendar years.

(j) Notwithstanding any other provision of this title, of AS 31.05, or of [AS 40.25.100](#), the department shall provide to the Department of Natural Resources information submitted with a claim under this section to support the eligibility of an exploration expenditure, including seismic exploration data and well data, and any information described in (f)(2) of this section received by the department.

(k) In this section,

(1) *[Repealed, Sec. 34 ch 2 TSSLA 2006]*.

(2) "Cook Inlet prospect" means a location within the Cook Inlet sedimentary basin, as that term is defined by regulation adopted to implement [AS 38.05.180](#) (f)(4);

(3) *[Repealed, Sec. 34 ch 2 TSSLA 2006]*.

Sec. 43.55.028. Oil and gas tax credit fund established; cash purchases of tax credit certificates.

(a) The oil and gas tax credit fund is established as a separate fund of the state. The purpose of the fund is to purchase certain transferable tax credit certificates issued under

[AS 43.55.023](#) and certain production tax credit certificates issued under [AS 43.55.025](#).

(b) The oil and gas tax credit fund consists of

(1) money appropriated to the fund, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by [AS 43.55.011](#) that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17(a), Constitution of the State of Alaska; and

(2) earnings on the fund.

(c) The applicable percentage for a fiscal year under (b)(1) of this section is determined with reference to the average price or value forecast by the department for Alaska North Slope oil sold or otherwise disposed of on the United States West Coast during the fiscal year for which the appropriation of revenue from taxes levied by [AS 43.55.011](#) is made. If that forecast is

(1) \$60 a barrel or higher, the applicable percentage is 10 percent;

(2) less than \$60 a barrel, the applicable percentage is 15 percent.

(d) The department shall manage the fund.

(e) The department, on the written application of the person to whom a transferable tax credit certificate has been issued under AS 43.55.023(d) or a production tax credit certificate has been issued under [AS 43.55.025](#) (f), may use available money in the oil and gas tax credit fund to purchase, in whole or in part, the certificate if the department finds that

(1) the calendar year of the purchase is not earlier than the first calendar year for which the credit shown on the certificate would otherwise be allowed to be applied against a tax;

(2) within 24 months after applying for the transferable tax credit certificate or filing a claim for the production tax credit certificate, the applicant incurred a qualified capital expenditure or was the successful bidder on a bid submitted for a lease on state land under [AS 38.05.180](#) (f);

(3) the amount expended for the purchase would not exceed the total of qualified capital expenditures and successful bids described in (2) of this subsection that have not been the subject of a finding made under this paragraph for purposes of a previous purchase of a certificate;

(4) the applicant does not have an outstanding liability to the state for unpaid delinquent taxes under this title;

(5) the applicant's total tax liability under [AS 43.55.011](#) (e), after application of all available tax credits, for the calendar year in which the application is made is zero;

(6) the applicant's average daily production of oil and gas taxable under [AS 43.55.011](#) (e) during the calendar year preceding the calendar year in which the application is made was not more than 50,000 BTU equivalent barrels; and

(7) the purchase is consistent with this section and regulations adopted under this section.

(f) Money in the fund remaining at the end of a fiscal year does not lapse and remains available for expenditure in successive fiscal years.

(g) The department may adopt regulations to carry out the purposes of this section, including standards and procedures to allocate available money among applications for purchases the total amount of which exceeds the amount of available money in the fund.

(h) Nothing in this section creates a dedicated fund.

(i) In this section, "qualified capital expenditure" has the meaning given in [AS 43.55.023](#).

Sec. 43.55.030. Filing of statements.

(a) A producer that produces oil or gas from a lease or property in the state during a calendar year, whether or not any tax payment is due under [AS 43.55.020](#) (a) for that oil or gas, shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) a description of each lease or property from which oil or gas was produced, by name, legal description, lease number, or accounting codes assigned by the department;

(2) the names of the producer and, if different, the person paying the tax, if any;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property, and the percentage of the gross amount of oil and gas owned by the producer;

(4) the gross value at the point of production of the oil and of the gas produced from

each lease or property owned by the producer and the costs of transportation of the oil and gas;

(5) the name of the first purchaser and the price received for the oil and for the gas, unless relieved from this requirement in whole or in part by the department;

(6) the producer's qualified capital expenditures, as defined in AS 43.55.023, other lease expenditures under [AS 43.55.165](#), and adjustments or other payments or credits under [AS 43.55.170](#);

(7) the production tax values of the oil and gas under [AS 43.55.160](#);

(8) any claims for tax credits to be applied; and

(9) calculations showing the amounts, if any, that were or are due under [AS 43.55.020](#) (a) and interest on any underpayment or overpayment.

(b) *[Repealed, Sec. 11 ch 101 SLA 1972]*.

(c) *[Repealed, Sec. 11 ch 101 SLA 1972]*.

(d) Reports required under this section are delinquent the first day following the day the report is due. The person required to file the report is liable for a penalty, as determined by the department under standards adopted in regulation by the department, of not more than \$1,000 for each day the person fails to file the report at the time required. The penalty is in addition to the penalties in AS 43.05.220 and 43.05.290 and is assessed, collected, and paid in the same manner as a tax deficiency under this title. In this subsection, "report" includes a statement.

(e) An explorer or producer that incurs a lease expenditure under [AS 43.55.165](#) or receives a payment or credit under [AS 43.55.170](#) during a calendar year but does not produce oil or gas from a lease or property in the state during the calendar year shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) the producer's qualified capital expenditures, as defined in AS 43.55.023, other lease expenditures under [AS 43.55.165](#), and adjustments or other payments or credits under [AS 43.55.170](#); and

(2) if the explorer or producer receives a payment or credit under AS 43.55.170, calculations showing whether the explorer or producer is liable for a tax under [AS 43.55.160](#) (d) or 43.55.170(b) and, if so, the amount.

(f) The department may require a producer, an explorer, or an operator of a lease or property to file monthly reports, as applicable, of

- (1) the amounts and gross value at the point of production of oil and gas produced;
- (2) transportation costs of the oil and gas;
- (3) any unscheduled interruption of, or reduction in the rate of, oil or gas production;
- (4) lease expenditures and adjustments under [AS 43.55.165](#) and 43.55.170;
- (5) joint interest billings;
- (6) contracts for the sale or transportation of oil or gas;
- (7) information and calculations used in determining monthly installment payments of estimated tax under [AS 43.55.020](#) (a); and
- (8) other records and information the department considers necessary for the administration of this chapter.

Sec. 43.55.040. Powers of Department of Revenue.

Except as provided in [AS 43.05.405](#) - 43.05.499, the department may

(1) require a person engaged in production and the agent or employee of the person, and the purchaser of oil or gas, or the owner of a royalty interest in oil or gas to furnish, whether by the filing of regular statements or reports or otherwise, additional information that is considered by the department as necessary to compute the amount of the tax; notwithstanding any contrary provision of law, the disclosure of additional information under this paragraph to the producer obligated to pay the tax does not violate [AS 40.25.100](#) (a) or AS 43.05.230(a); before disclosing information under this paragraph that is otherwise required to be held confidential under [AS 40.25.100](#) (a) or [AS 43.05.230](#) (a), the department shall

(A) provide the person that furnished the information a reasonable opportunity to be heard regarding the proposed disclosure and the conditions to be imposed under (B) of this paragraph; and

(B) impose appropriate conditions limiting

- (i) access to the information to those legal counsel, consultants, employees, officers, and agents of the producer who have a need to know that information for the purpose of determining or contesting the producer's tax obligation; and
- (ii) the use of the information to use for that purpose;
- (2) examine the books, records, and files of the person;
- (3) conduct hearings and compel the attendance of witnesses and the production of books, records, and papers of any person;
- (4) make an investigation or hold an inquiry that is considered necessary to a disclosure of the facts as to
 - (A) the amount of production from any oil or gas location, or of a company or other producer of oil or gas; and
 - (B) the rendition of the oil and gas for taxing purposes;
- (5) require a producer, an explorer, or an operator of a lease or property to file reports and copies of records that the department considers necessary to forecast state revenue under this chapter; in the case of reports and copies of records relating to proposed, expected, or approved unit expenditures for a unit for which one or more working interest owners other than the operator have authority to approve unit expenditures, the required reports and copies of records are limited to those reports or copies of records that constitute or disclose communications between the operator and the working interest owners relating to unit budget matters;
- (6) require a producer that has an average total production in the state of more than 100,000 barrels a day for a calendar year to report the gross value at the point of production of the producer's taxable oil and gas in the state for a calendar year and the total amount of lease expenditures in the state for that calendar year; and
- (7) assess against a person required under this section to file a report, statement, or other document a penalty, as determined by the department under standards adopted in regulation by the department, of not more than \$1,000 for each day the person fails to file the report, statement, or other document after notice by the department; the penalty is in addition to any penalties under [AS 43.05.220](#) and 43.05.290 and is assessed, collected, and paid in the same manner as a tax deficiency under this title; the penalty shall bear interest at the rate specified under [AS 43.05.225](#) (1).

Sec. 43.55.050. Incorrect returns.

The department may determine whether or not a return required by this chapter to be filed with it is correct. If a person makes an untrue or incorrect return of the gross production or the value of it, or fails or refuses to make a return, the department shall, under regulations adopted by it, determine the correct amount of gross production or the value of it, and compute the tax.

Sec. 43.55.060. Delinquency.

When the tax provided for in this chapter becomes delinquent, it bears interest as provided in [AS 43.05.225](#) (1). If any person fails to make a report required by this chapter, within the time prescribed by law for the report, the department shall examine the books, records and files of the person to determine the amount and value of the production to compute the tax, and the department shall add to the tax the cost of the examination, together with any penalties accrued.

Sec. 43.55.070. Lien for tax. [Repealed, Sec. 4 ch 94 SLA 1976. For current law, see [AS 43.10.035](#)].

Repealed or Renumbered

Sec. 43.55.075. Limitation on assessment and amended returns.

(a) Except as provided in [AS 43.05.260](#) (c), the amount of a tax imposed by this chapter must be assessed within six years after the return was filed.

(b) A decision of a regulatory agency, court, or other body with authority to resolve disputes that results in a retroactive change to a lease expenditure, to an adjustment to a lease expenditure, to costs of transportation, to sale price, to prevailing value, or to consideration of quality differentials relating to the commingling of oils has a corresponding effect, either an increase or decrease, as applicable, on the production tax value of oil or gas or the amount or availability of a tax credit as determined under this chapter. For purposes of this section, a change to a lease expenditure includes a change in the categorization of a lease expenditure as a qualified capital expenditure or as not a qualified capital expenditure. The producer shall

(1) within 60 days after the change, notify the department in writing; and

(2) within 120 days after the change, file amended returns covering all periods affected by the change, unless the department agrees otherwise or a stay is in place that affects the filing or payment, regardless of the pendency of appeals of the decision.

(c) If an alteration in or modification of a producer's federal income tax return or a recomputation of the producer's federal income tax or determination of deficiency occurs

that affects the amount of a tax imposed on the producer under this chapter, the producer shall

(1) within 60 days after the final determination of the alteration, modification, recomputation, or deficiency, notify the department in writing; and

(2) within 120 days after the final determination of the alteration, modification, recomputation, or deficiency, file amended returns covering all affected periods.

(d) In this section,

(1) "qualified capital expenditure" has the meaning given in AS 43.55.023;

(2) "return" includes a report, a statement, and an amended return, report, or statement.

Sec. 43.55.080. Collection and deposit of revenue.

Except as otherwise provided under art. IX, sec. 17, Constitution of the State of Alaska, the department shall deposit in the general fund the money collected by it under [AS 43.55.011](#) - 43.55.180.

Sec. 43.55.090. Refunds.

In case of overpayment, duplicate payment or payment made in error, the department may refund the amount of the overpayment under AS 43.10.210.

Sec. 43.55.100. Acceptance of deductions. [Repealed, Sec. 15 ch 101 SLA 1972].

Repealed or Renumbered

Sec. 43.55.110. Administration.

(a) The department may adopt regulations for the purpose of making and filing reports required by this chapter and otherwise necessary to the enforcement of this chapter.

(b) The department may require a sufficient bond from every person charged with the making and filing of reports and the payment of the tax. The bond shall run to the state and shall be conditioned upon the making and filing of reports as required by law, upon compliance with the regulations of the department, and for the prompt payment, by the principal on the bond, of all taxes due the state by virtue of this chapter.

(c) If reports required have not been filed, or are insufficient to furnish the information required by the department, the department shall institute, in the name of the state upon relation of the department, the necessary action or proceedings to enjoin the person from continuing operations until the reports are filed.

(d) Upon showing that the state is in danger of losing its claims or the property is being mismanaged, dissipated or concealed, a receiver shall be appointed at the suit of the state.

(e) The department may require that returns, statements, reports, notifications, and applications filed under this chapter be filed electronically in a form and manner approved or prescribed by the department.

(f) The department may require that payments required under this chapter be made electronically in a form and manner approved or prescribed by the department.

(g) Notwithstanding AS 44.62, the department may issue, for the information and guidance of producers, explorers, and other interested persons, advisory bulletins stating the department's interpretation of provisions of this chapter and of regulations adopted under this chapter. Unless otherwise provided by the department by regulation, interpretations stated in the advisory bulletins are not binding on the department or others.

(h) Subject to legislative appropriation, the department may compensate a person who provides information to the department about noncompliance with the provisions of this chapter by an explorer or a producer of oil or gas if that information leads to the collection of additional taxes, penalties, or interest from the producer. The amount of compensation under this subsection may not exceed the lesser of \$500,000 or 10 percent of the additional tax, penalty, or interest collected as a result of the information. A state employee or an agent of the state is not eligible for compensation under this subsection.

(i) A person who, under (h) of this section, provides, in bad faith, to the department erroneous information about noncompliance with the provisions of this chapter by an explorer or producer of oil or gas shall pay to the

(1) department all expenses related to the department's investigation of the alleged noncompliance; and

(2) explorer or producer about whom the noncompliance was alleged all expenses that are incurred by the explorer or producer relating to the department's investigation of the alleged noncompliance.

Sec. 43.55.120. - 43.55.130l Noncompliance and false reports. [Repealed, Sec. 46 ch 113 SLA 1980. For criminal penalties, see AS 43.05.290].

Repealed or Renumbered

Sec. 43.55.135. Measurement.

For the purposes of [AS 43.55.011](#) - 43.55.180, except as otherwise provided, oil is measured in terms of a "barrel of oil" and gas is measured in terms of a "cubic foot of gas."

Sec. 43.55.140. [Renumbered as [AS 43.55.900](#)].

Repealed or Renumbered



Title 43. REVENUE AND TAXATION

Chapter 43.55. OIL AND GAS PRODUCTION TAX AND OIL SURCHARGE



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Sec. 43.56.018. Oil or gas property education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, the owner of property taxable under this chapter is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991]*.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.20.014](#), [AS 43.55.019](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

(e) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

*Sec. 43.56.019. Alaska veterans' memorial endowment fund contribution credit.
[Repealed, Sec. 25 ch 46 SLA 2002].*

Repealed or Renumbered

Sec. 43.56.020. Exemptions.

(a) The following are exempt from local taxes levied or authorized under [AS 43.56.010](#) (b):

(1) property rights attached to or inherent in the right to explore for or produce oil or gas;

(2) oil or gas leases or properties, whether producing or not;

(3) oil or gas in place;

(4) oil or gas produced or extracted in the state;

(5) the value of intangible drilling expenses and exploration expenses;

(6) an interest in property described in [AS 43.55.017](#) (a).

(b) There is exempt from state taxes levied or authorized under [AS 43.56.010](#) (a), before the construction commencement date, property that is committed by contract or other agreement for use in this state primarily for the production or pipeline transportation of gas or unrefined oil, or in the operation or maintenance of facilities for the production or pipeline transportation of gas or unrefined oil.

(c) In (a) (2) of this section, "properties" means mineral interests in oil and gas and working interests, royalty interests, and overriding royalty interests in oil and gas leases.

Sec. 43.56.030. In place of other taxes.

Except for those taxes imposed under AS 43.55, the taxes levied or authorized under [AS 43.56.010](#) (b) are in place of

(1) all other ad valorem taxes or other taxes imposed by a municipality on property subject to tax under this chapter or exempted from taxation by [AS 43.56.020](#); and

(2) all other taxes imposed by a municipality on or with respect to the property subject to tax under this chapter or exempted from taxation by [AS 43.56.020](#), including, but not limited to,

(A) taxes on the retail sale or use of the property except for the retail sales tax on the first \$1,000 of each sale;

(B) taxes on the sale or use of gas or unrefined oil;

(C) taxes on the sale or use of services used in or associated with the property or in its maintenance or operation except for the sales tax on the first \$1,000 of each sale;

(D) taxes on or measured by gross or net income from the property, including income from the exploration for, production of, or pipeline transportation of gas or unrefined oil or property; and

(E) any license, excise, fee, charge or other tax on or pertaining to the property or services.

Sec. 43.56.040. State Assessment Review Board.

The State Assessment Review Board is created within the department. The board consists of five persons appointed by the governor to serve at the pleasure of the governor, each of whom must be knowledgeable of assessment procedures. Each board member is subject to confirmation by a majority of the members of the legislature in joint session.

Sec. 43.56.050. Per diem and expenses.

Members of the board shall receive per diem and expenses authorized by law for boards and commissions.

Sec. 43.56.060. Assessment.

(a) The department shall assess property for the tax levied under [AS 43.56.010](#) (b) and [AS 29.45.080](#) on property used or committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil at its full and true value as of January 1 of the assessment year.

(b) The department shall assess property for the taxes levied under [AS 43.56.010](#) (a) at its full and true value as of January 1 of the assessment year except that in the case of taxable property used or committed by contract or other agreement for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil to be transported by that pipeline, the first assessment date shall be the construction commencement date. If the construction commencement date is used as the assessment date, the tax payable shall be prorated on the basis of the assessment year remaining.

(c) The full and true value of taxable property used or committed by contract or other agreement for use in the exploration for gas or unrefined oil, or in the operation or maintenance of facilities for the exploration for gas or unrefined oil, is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels.

(d) The full and true value of taxable property used or committed by contract or other agreement for the production of gas or unrefined oil or in the operation or

maintenance of facilities for the production of gas or unrefined oil is:

(1) on the construction commencement date the actual cost incurred or accrued with respect to the property as of the date of assessment;

(2) determined on each January 1 thereafter on the basis of replacement cost less depreciation based on the economic life of proven reserves.

(e) The full and true value of taxable property used or committed by contract or other agreement for pipeline transportation of gas or unrefined oil or in the operation or maintenance of facilities for the pipeline transportation of gas or unrefined oil is:

(1) on the construction commencement date and until January 1 following the date the pipeline begins to transport gas or unrefined oil, the actual cost incurred or accrued with respect to the property as of the date of assessment;

(2) determined on each January 1 thereafter with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil then technically, economically, and legally deliverable into the transportation facility; however, if the proven reserves of gas or unrefined oil then technically, economically, and legally deliverable indicate an economic life materially shorter than the estimated physical life of the transportation facility, the full and true value is the actual cost reduced by an annual allowance for depreciation on a straight line basis over an economic life based on the actual elapsed life from the commencement of full operation to the date of assessment plus the estimated remaining life of the proven reserves of gas and unrefined oil then technically, economically, and legally deliverable into the transportation facility as of the date of the assessment;

(3) on the assessment date next following inability to use or construct all or a substantial part of the facility for a period of 90 or more consecutive days because of natural disaster or legal prohibition, or other events beyond the control of a person having ownership or control of the property, adjusted to take into account any diminution in value.

(f) For purposes of this section, "actual cost" and "replacement cost" do not include interest capitalized before or during the period of construction nor the value of intangible drilling expenses. In the case of taxable property under construction, "actual cost" for purposes of this section means the costs incurred or accrued with respect to the property as of the date of assessment.

(g) The department may enter into agreements with a municipality for the cooperative or joint administration of the assessing authority conferred on the department by this section.

Sec. 43.56.070. Returns.

(a) The department may require by notice every person having ownership or control of an interest in property taxable under this chapter to submit a return in the form prescribed by the department, based on property values existing on January 1 of each year, except as otherwise provided in this chapter.

(b) The department by written notice may require a person to provide additional information within 30 days of the notice.

Sec. 43.56.080. Investigation.

(a) The department may make an investigation of property on which a return has been filed or of taxable property upon which no return has been filed. In either case, the department may make its own valuation of the taxable property, which is prima facie evidence of full and true value.

(b) An employee or agent of the department may enter any premise necessary for the investigation during reasonable hours and may examine property and appropriate records. The owner of the taxable property upon request shall furnish to the employee or agent of the department reasonable assistance required for the investigation. If refused entry, the department may seek a court order to compel entry.

(c) For the purpose of the investigation the owner of the taxable property or a representative of the owner may be required to appear for examination under oath by the department.

Sec. 43.56.090. Assessment roll.

The department shall prepare annually the assessment roll for taxation under this chapter. The roll must contain:

- (1) a description of all taxable property;
- (2) the assessed value of all taxable property;
- (3) the names and addresses of persons owning property subject to assessment and taxation.

Sec. 43.56.100. Assessment notice.

(a) On or before March 1 of each year, the department shall send to every owner of taxable property named in the assessment roll a notice of assessment, showing the

assessed value of the property. Notice of assessment is effective on the date of mailing.

(b) The department shall send to a municipality a copy of the notice of assessment on any taxable property that is assessed under the provisions of this chapter and that is located in the municipality and on which a tax is authorized under [AS 43.56.010](#) (b).

Sec. 43.56.110. Appeal to the department.

(a) An owner of taxable property or a municipality receiving an assessment notice may object to the assessment by advising the department in writing of the objections to the assessment within 20 days of the effective date of the notice.

(b) The department shall provide by regulation for notices of appeals to interested persons and municipalities.

(c) Following an objection the department may adjust the assessment and the assessment roll. An adjustment based on an objection from an owner of taxable property or a municipality shall be made within 30 days of the effective date of the notice of assessment.

Sec. 43.56.120. Appeal to the board.

(a) After a ruling by the department on an appeal made under AS 43.56.110, the owner or a municipality may further appeal to the board. The appeal must be filed in writing within 50 days of the effective date of the notice of assessment.

(b) The board shall provide by regulation for notices of appeals to interested persons and municipalities.

Sec. 43.56.130. Hearings of the board.

(a) The board shall hear appeals filed under [AS 43.56.120](#) (a).

(b) A majority of the board constitutes a quorum required to transact business.

(c) The board shall provide by regulation for notices of hearings to interested persons and municipalities.

(d) If an appellant fails to appear at the hearing, the board may proceed with the hearing in the absence of the appellant.

(e) The appellant bears the burden of proof at the hearing.

(f) The only grounds for adjustment of assessed value is proof of unequal, excessive, or improper valuation or valuation not determined in accordance with the standards set out in this chapter, based on facts stated in a written appeal timely filed or proved at the hearing.

(g) The board shall certify its determinations to the department within seven days of the hearing.

(h) *[Repealed, Sec. 5 ch 107 SLA 1976]*.

(i) An owner or municipality may appeal to the superior court for, and is entitled to, trial de novo of the board's action.

Sec. 43.56.135. Certification.

No later than June 1 of each year, the department shall certify the final assessment roll and mail to the owner of the taxable property or an authorized agent a statement of the amount of tax due.

Sec. 43.56.140. Supplementary assessment rolls.

The department shall include property omitted from the assessment roll on a supplementary roll, using the procedures set out in this chapter for the original roll.

Sec. 43.56.150. Collection and deposit.

(a) The tax levied by [AS 43.56.010](#) (a) is payable to the department on or before June 30 of the taxable year.

(b) The department may provide for voluntary prepayment and for payment by installments.

(c) The tax levied under [AS 43.56.010](#) (a), interest and penalties collected with respect to this levy shall be deposited in the general fund.

Sec. 43.56.160. Interest and penalty.

When the tax levied by [AS 43.56.010](#) (a) becomes delinquent, a penalty of 10 percent shall be added. Interest on the delinquent taxes, exclusive of penalty, shall be assessed at a rate of eight percent a year.

Sec. 43.56.170. Lien for tax. [Repealed, Sec. 4 ch 84 SLA 1976. For current law, see [AS](#)

[43.10.035](#)].

Repealed or Renumbered

Sec. 43.56.180. Remedy.

The remedy of distraint of property set out in [AS 43.20.270](#) applies to the tax levied by [AS 43.56.010](#) (a). However, only property subject to the tax may be distrained.



Title 43. REVENUE AND TAXATION

Chapter 43.56. OIL AND GAS EXPLORATION, PRODUCTION, AND PIPELINE TRANSPORTATION PROPERTY TAXES



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Sec. 43.75.018. Fisheries business education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a person engaged in a fisheries business is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991]*.

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.20.014](#), [AS 43.55.019](#), AS 43.56.018, [AS 43.65.018](#), or [AS 43.77.045](#), exceed \$150,000.

Sec. 43.75.019. Alaska veterans' memorial endowment fund contribution credit.
[Repealed, Sec. 25 ch 46 SLA 2002].

Repealed or Renumbered

Sec. 43.75.020. Application for license.

(a) Application for a license shall be filed with the department and accompanied by an annual fee of \$25. A separate annual fee is required for each plant specified in the application covered by the license. The application must contain the name of the applicant, the line of business to be licensed, place of business, and other facts that the department prescribes. The applicant shall state that the applicant, as a condition of obtaining and maintaining the license, agrees to pay

(1) the taxes levied under this title, and that the applicant will make a return and pay the taxes at the time provided by law;

(2) any seafood marketing assessment levied under AS 16.51;

(3) contributions imposed under AS 23.20 (Alaska Employment Security Act);

(4) any administrative penalties assessed under [AS 18.60.093](#) for a violation of a provision of [AS 18.60.010](#) - 18.60.105; and

(5) any applicable fishery sales, use, or severance taxes imposed by a municipality in the state.

(b) Upon receipt of an application in proper form under (a) or (c) of this section, accompanied by the annual fee, the department shall issue the license if the

(1) applicant has paid in full, including interest and penalties, the following:

(A) taxes levied under this title; and

(B) any assessments under AS 16.51;

(2) department has not received notification from the Department of Labor and Workforce Development that the applicant has failed to pay in full

(A) an assessment of delinquent contributions that is final under AS 23.20.205(c) or 23.20.220(c); or

(B) an administrative penalty that is final under [AS 18.60.093](#) or 18.60.097; and

(3) department has not received a copy of

(A) a final judgment obtained against the applicant for unpaid fishery sales, use, or severance taxes imposed by a municipality in the state; or

(B) a final administrative determination against the applicant from a municipality in the state for unpaid fishery sales, use, or severance taxes imposed by the municipality; the administrative determination must be accompanied by a certification by the municipality that the municipal administrative process is consistent with constitutional requirements of due process and that the applicant has exhausted all administrative remedies under the applicable municipal administrative process.

(c) Instead of a license issued under (a) of this section, the department may issue a direct marketing fisheries business license to a licensed commercial fisherman who processes fishery resources caught using a vessel that does not exceed 65 feet in overall length and is owned or leased by the commercial fisherman. The licensee may place into commerce in the state and outside of the state processed or unprocessed fishery resources caught using the vessel described in the license. Fishery resources that are caught using the vessel and owned by the licensee from the time of harvest through sale, as defined by the department by regulation, may be processed by the licensee on the vessel, at a shore-based facility, or by means of custom processing services obtained by the licensee. An application for a direct marketing fisheries business license shall be filed with the department and accompanied by an annual fee of \$25. A separate direct marketing fisheries business license and annual license fee are required for each vessel on which processing is performed. The application must state the name and address of the applicant, the fishery resources for which the applicant holds a commercial fishing entry permit or interim-use permit or quota share, a description of the vessel and each shore-based facility where the applicant will process fishery resources, and other information that the department prescribes by regulation. The application must state that the applicant, as a condition of obtaining and maintaining the license, agrees to pay the taxes, assessment, employment security contributions, and penalties as set out in (a)(1) - (5) of this section. A person who holds a direct marketing fisheries business license may not under that license (1) purchase fishery resources for resale or processing for sale; or (2) process fishery resources for another licensed commercial fisherman or for a fisheries business licensed under this chapter. In this subsection, "licensed commercial fisherman" means a natural person who holds a commercial fishing entry permit or interim-use permit issued under AS 16.43 or a quota share issued under federal law.

Sec. 43.75.030. Filing return and payment of tax.

(a) A person subject to the tax shall file a return stating the value of fisheries resources processed during the license year, computed as required by this chapter, and such other information as the department prescribes by regulation. The return must show the license number and must be signed by the taxpayer or an authorized agent, under penalty of unsworn falsification in the second degree. If a receiver, trustee, or assign is operating the property or business, that person shall file the return for the person. A tax due on the basis of such a return shall be collected in the same manner as if collected from the person of whose business the receiver, trustee, or assign has custody and control.

(b) The return shall be made on the basis of the calendar year to the department at Juneau before April 1 after the close of the calendar year.

(c) The department may adopt regulations for the granting of a reasonable extension of time for filing and may grant an extension of time for filing.

(d) Except for tax paid monthly under [AS 43.75.055](#) (c)(1), the tax shall be paid

before April 1 after the close of the calendar year.

(e) Every person engaging or attempting to engage in a business for which a license is required under this chapter shall keep records, make statements under oath, file returns, and comply with all regulations that the commissioner may adopt.

(f) When the department considers it is necessary, it may require a person, by notice served upon the person, to file a return, make such statements under oath, or keep and display to it such records as it considers sufficient to show the tax for which the person is liable. If a person fails to file a return as prescribed by law or by regulation, or makes, wilfully or otherwise, a false or fraudulent return, the department shall make the return from the information that it can obtain. A return made by the department is prima facie good and sufficient for all legal purposes.

Sec. 43.75.032. Tax credit for scholarship contributions.

(a) A fisheries business is entitled to a credit of not more than five percent of the business tax liability under [AS 43.75.015](#) for contributions made during the tax year to the A. W. "Winn" Brindle memorial education loan account ([AS 14.43.250](#)). A tax credit under this section may not be approved for more than 100 percent of an education loan contribution.

(b) The department may not approve a tax credit under this section if the fisheries business claiming the credit is in arrears in the payment of a fisheries business tax under [AS 43.75.015](#); for purposes of this subsection, a taxpayer is not in arrears if the payment is under administrative or judicial appeal.

(c) The department shall prepare an application form for a credit under this section.

(d) The department shall approve or disapprove an application for a credit under this section not later than 60 days after receiving the application.

Sec. 43.75.034. Tax credit report. [Repealed, Sec. 8 ch 79 SLA 1986].

Repealed or Renumbered

Sec. 43.75.035. Salmon product development tax credit.

(a) A taxpayer that is a fisheries business may claim a salmon product development tax credit of 50 percent of qualified investment in new property first placed into service in a shore-based plant or on a vessel in the state in the tax year.

(b) The amount of the tax credit applied against taxes under this section may not

(1) exceed 50 percent of the taxpayer's tax liability incurred under this chapter for processing of salmon during the tax year; or

(2) be claimed for property first placed into service after December 31, 2008.

(c) If the property for which a tax credit is claimed is installed on a vessel, the amount of qualified investment under (a) of this section is determined by multiplying the investment cost of the qualified investment property by a fraction, the numerator of which is the weight of raw salmon processed on the vessel by the taxpayer in the state in the tax year in which the property is first placed into service, and the denominator of which is the weight of raw salmon processed on the vessel by the taxpayer in and outside of the state in the tax year in which the property is first placed into service.

(d) An unused credit under this section may be carried forward and applied against the tax liability incurred on salmon in the following three tax years.

(e) Qualified investment costs upon which a tax credit is claimed under this section may not be considered for another tax credit in this title. A tax credit applied under this section together with a tax credit applied under [AS 43.75.036](#) may not exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon during the tax year.

(f) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of assessments under [AS 16.51.120](#), contributions under AS 23.20, or taxes or assessments collected or owed under this title. For purposes of this subsection, a taxpayer is not in arrears if the liability for the assessment, contribution, or tax is under administrative or judicial appeal.

(g) If, during a tax year, property for which a credit was claimed under this section is disposed of by the taxpayer, ceases to be qualified investment property, or is removed from service in the state, the tax due under this chapter is increased by the recapture percentage of the aggregate decrease in the credit allowed under this section for all prior tax years that would have resulted solely from reducing to zero the credit allowed for the qualified investment property under this section. The amount of tax credit attributable to the qualified investment that is carried forward from prior tax years is terminated as of the first day of the tax year in which the qualified investment property is disposed of by the taxpayer, ceases to be qualified investment property, or is removed from service in the state. For purposes of this subsection,

(1) the recapture percentage during the year in which the property is first placed into service or during the first year following the year in which the property is first placed into service is 100 percent;

(2) the recapture percentage during the second year following the year in which the property is first placed into service is 75 percent;

(3) the recapture percentage during the third year following the year in which the property is first placed into service is 50 percent;

(4) the recapture percentage during the fourth or subsequent year following the year in which the property is first placed into service is zero percent;

(5) qualified investment property used on a vessel is considered to have been removed from the state on the first day of a tax year in which the proportion of raw salmon processed in the state on the vessel is less than 50 percent of total weight of raw salmon processed on the vessel in and outside of the state.

(h) The amount of a tax credit recaptured under (g)(1) - (3) of this section may not be included in the determination of the amount of that tax credit that is allowable under this section or [AS 43.75.036](#).

(i) In this section,

(1) "first placed into service" means the moment when property is first used for its intended purpose;

(2) "new property" means property whose original use commences with the taxpayer and does not include property first used by another person;

(3) "qualified investment" means the investment cost in depreciable tangible personal property with a useful life of three years or more to be used predominantly to perform a processing, packaging, or product finishing function that is a significant component in producing value-added salmon products beyond gutting of the salmon; in this paragraph, "property"

(A) includes

(i) filleting, skinning, portioning, mincing, forming, extruding, stuffing, injecting, mixing, marinating, preserving, drying, smoking, brining, packaging, blast freezing, or pin bone removal equipment; and

(ii) new parts to convert an existing can seamer to pop-top can production;

(B) does not include

(i) vehicles, forklifts, conveyors, cranes, pumps, or other equipment used to

transport salmon or salmon products, knives, gloves, tools, supplies and materials, equipment that is not processing, packaging, or product finishing equipment, or other equipment the use of which is incidental to the production, packaging, or finishing of value-added salmon products; or

(ii) the overhaul, retooling, or modification of new or existing property, except for new parts to convert an existing can seamer to pop-top can production;

(4) "tax liability" means the liability for all taxes under this chapter before all credits allowed by this chapter;

(5) "useful life" means the useful life of the property that is or would be applicable for purposes of depreciation;

(6) "value-added salmon product" means the product of a salmon that is processed beyond heading, gutting, or separation in a manner that materially enhances the value of the salmon product, such as shelf-stable, retort pouched, smoked, pickled, or filleted salmon, ikura, leather, or jerky; "value-added salmon product" does not include a salmon or salmon product that

(A) has been subjected to only one or more of heading, gutting, freezing, packaging, quality assurance practices, or value retention practices;

(B) is salmon skeins or other unprocessed salmon products whether fresh or frozen;

(C) is canned, except for salmon products in a pop-top can; or

(D) is produced out of the state.

Sec. 43.75.036. Salmon utilization tax credit.

(a) A taxpayer that is a fisheries business may claim a salmon utilization tax credit of 50 percent of the amount of the qualified expenditure in the state in the tax year for full utilization of salmon.

(b) The amount of the tax credit applied against taxes under this section may not

(1) exceed 50 percent of the taxpayer's tax liability incurred under this chapter for salmon during the tax year; or

(2) be claimed for property first placed into service, or for expenditures incurred, after December 31, 2005.

(c) If the tax credit is claimed for installation or operation of new equipment on a vessel, the amount of the qualified expenditure under (a) of this section is determined by multiplying the cost of the installation or operation of the equipment by a fraction, the numerator of which is the weight of raw salmon processed on the vessel by the taxpayer in the state in the tax year in which the equipment is first placed into service, and the denominator of which is the weight of raw salmon processed on the vessel by the taxpayer in and outside of the state in the tax year in which the equipment is first placed into service.

(d) An unused credit under this section may be carried forward and applied against the tax liability incurred on salmon in the following three tax years.

(e) Qualified expenditures for which a tax credit is claimed under this section may not be considered for another tax credit in this title. A tax credit applied under this section together with a tax credit applied under [AS 43.75.035](#) may not exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon during the tax year.

(f) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of assessments under [AS 16.51.120](#), contributions under AS 23.20, or taxes or assessments collected or owed under this title. For purposes of this subsection, a taxpayer is not in arrears if the liability for the assessment, contribution, or tax is under administrative or judicial appeal.

(g) If, during a tax year, equipment for which a credit was claimed under this section is disposed of by the taxpayer, ceases to be a qualified expenditure, or is removed from service in the state, the tax due under this chapter is increased by the recapture percentage of the aggregate decrease in the credit allowed under this section for all prior tax years that would have resulted solely from reducing to zero the credit allowed for the qualified expenditure under this section. The amount of tax credit attributable to the qualified expenditure that is carried forward from prior tax years is terminated as of the first day of the tax year in which the equipment is disposed of by the taxpayer, ceases to be a qualified expenditure, or is removed from service in the state. For purposes of this subsection,

(1) the recapture percentage during the year in which the equipment is first placed into service or during the first year following the year in which the equipment is first placed into service is 100 percent;

(2) the recapture percentage during the second year following the year in which the equipment is first placed into service is 75 percent;

(3) the recapture percentage during the third year following the year in which the equipment is first placed into service is 50 percent;

(4) the recapture percentage during the fourth or subsequent year following the year in which the equipment is first placed into service is zero percent;

(5) equipment used on a vessel is considered to have been removed from the state on the first day of a tax year in which the proportion of raw salmon processed in the state on the vessel is less than 50 percent of total weight of raw salmon processed on the vessel in and outside of the state.

(h) The amount of a tax credit recaptured under (g)(1) - (3) of this section may not be included in the determination of the amount of that tax credit that is allowable under this section or [AS 43.75.035](#).

(i) In this section,

(1) "first placed into service" means the moment when equipment is first used for its intended purpose;

(2) "new equipment" means tangible, depreciable personal property with a useful life of three years or more whose original use commences with the taxpayer and does not include property first used by another person;

(3) "qualified expenditure" means

(A) the direct and incremental cost of the development, manufacture, or purchase of new equipment by a taxpayer to produce marketable products in the state using salmon waste;

(B) reasonable custom processing or disposal fees paid to another fisheries business in the state that does not claim a credit under this section or [AS 43.75.035](#) and that produces marketable products from salmon waste, less the market value of the products produced for the taxpayer; or

(C) the direct and incremental cost of transporting salmon waste to a facility in the state that produces a marketable product from salmon waste;

(4) "tax liability" means the liability for all taxes under this chapter before all credits allowed by this chapter;

(5) "useful life" means the useful life of equipment that is or would be applicable for purposes of depreciation.

Sec. 43.75.050. Violations and penalties. [Repealed, Sec. 4 ch 94 SLA 1976; Sec. 3 ch

166 SLA 1976; Sec. 45, 46 ch 113 SLA 1980. For current law, see [AS 43.05.220](#) and [43.05.290](#)].

Repealed or Renumbered

Sec. 43.75.055. Security for collection of taxes.

(a) An applicant for a license under this chapter shall, in or with the application, state under oath the amount of each of the products that the applicant expects to produce during the license year. The applicant shall further state the extent of lienable real property owned by the applicant in the state against which the tax may be collected and other information with respect to description, location, and value of the property that the department prescribes.

(b) Except as provided in (c) and (e) of this section, if the lienable value of the property is not equal to three times the amount of the tax for which the applicant will probably be liable under this section, the department may not issue the license until the applicant files with the department a surety bond approved by the attorney general in a penal sum equal to twice the probable amount of the tax for which the applicant will be liable, conditioned upon payment of the tax in full when due, with interest and penalties if not paid before delinquency.

(c) An applicant may elect to avoid the requirements of (a) and (b) of this section if the applicant

(1) files a report as prescribed by the department and pays the taxes due under this chapter on or before the 15th day of the month following the month in which liability for the payment of the taxes was incurred;

(2) pays the taxes and assessments for which the applicant is liable under AS 16.51, AS 43.76, and AS 43.77 on or before the 15th day of the month following the month in which the liability for the payment of the taxes or assessments was incurred;

(3) remits to the department the taxes and assessments that the applicant is required to collect under AS 43.76 on or before the 15th day of the month following the month in which the taxes or assessments were required to be collected; and

(4) either

(A) files a bond in the amount of \$50,000; or

(B) provides the department with proof that the applicant is the owner of lienable real property in the state of a value of at least \$100,000.

(d) A bond filed under (c) of this section must be conditioned upon the payment of the taxes under (c)(1) of this section in full when due.

(e) The department may waive the bond requirement under (b) or (c) of this section if the applicant posts other security in the form of collateral acceptable to the department or prepays the estimated tax.

(f) An applicant that fails to pay amounts due under this section is subject to civil penalties set out under [AS 43.05.220](#).

(g) Real property, a surety bond, or other security being used to secure payment of the tax for the year preceding the application year may also be used to secure payment of the estimated tax for the application year if the security is acceptable to the department and the applicant has not failed to pay a tax under this chapter in a timely manner during any of the three years preceding the application year.

Sec. 43.75.060. - 43.75.095l Cold storage and other fish processors. [Repealed, Sec. 13 ch 79 SLA 1979].

Repealed or Renumbered

Article 02. FISHERIES PRODUCTS SOLD OUTSIDE TAXING JURISDICTION

Sec. 43.75.100. Tax imposed on taking of fishery resource.

(a) A person taking, purchasing, or otherwise acquiring a fishery resource that has not been subject to the tax imposed in AS 43.75.015 is subject to the tax levied in [AS 43.75.015](#) on the value of the fishery resource if the person

(1) transports the fishery resource to a point outside the taxing jurisdiction of the state for subsequent processing or sale outside the taxing jurisdiction of the state;

(2) sells the fishery resource outside the taxing jurisdiction of the state; or

(3) has the fishery resource processed by a fisheries business in the state.

(b) The rate of tax that shall be paid by a person whose liability for the tax is established by this section is the rate of tax that would have been due under [AS 43.75.015](#) if the fisheries business that first actually and physically processed the fish had been liable to pay the tax.

Sec. 43.75.110. Duty of taxpayer and payment of tax.

A person subject to taxes under [AS 43.75.100](#) shall make a return stating the value of fisheries resources taken, purchased, or otherwise acquired during the license year for sale to fisheries businesses outside of the taxing jurisdiction of the state computed as required by [AS 43.75.100](#), and other information to carry out the provisions of AS 43.75.100 as may be prescribed by the department. The return must contain the license number and must be signed by the taxpayer or an authorized agent, under penalty of unsworn falsification in the second degree. If a receiver, trustee, or assign is operating the property or business, that person shall make the return for the person. A tax due on the basis of such return shall be collected in the same manner as if collected from the person of whose business the receiver, trustee, or assign has custody and control. The requirements for time and place of payment of tax, and the obligation to keep records and make the records available to the commissioner are the same as those prescribed in AS 43.75.011 - 43.75.050.

Sec. 43.75.120. Violations and penalties. [Repealed, Sec. 46 ch 113 SLA 1980. For current law, see [AS 43.05.220](#) and 43.05.290].

Repealed or Renumbered

Article 03. REFUNDS TO LOCAL GOVERNMENTS

Sec. 43.75.130. Refund to local governments.

(a) Except as provided in (d) of this section, the commissioner shall pay

(1) to each unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter;

(2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under [AS 43.75.032](#) shall be calculated as if the person's tax

had been collected without applying the credit.

(c) *[Repealed, Sec. 7 ch 79 SLA 1986]*.

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987 the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) 45 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 40 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987 the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) 5 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

(e) Notwithstanding the provisions of (d) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (d)(1) of this section to the borough in which the city is located.

(f) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under [AS 43.75.035](#) or 43.75.036 shall be calculated as if the person's tax were collected without applying the credit; tax revenue collected does not include the amount of a tax credit recaptured under [AS 43.75.035](#) (g) or 43.75.036(g).

(g) In this section, "tax revenue collected" includes the amount credited against taxes under [AS 43.75.018](#).

Sec. 43.75.133. Provision of information to municipalities.

(a) If the mayor, manager, or administrator of a municipality makes a written request, the department shall furnish the mayor, manager, or administrator of the municipality the names of all fisheries businesses that have filed tax returns under this chapter in which the fisheries business listed the municipality as the location in which the fisheries business processed a fisheries resource subject to the tax imposed under this chapter.

(b) If the mayor, manager, or administrator of a municipality makes a written request, the department shall verify that, as to a tax levied and collected by the municipality that is based on the value of fisheries resource processed in or transported to or within the municipality, the value of the fisheries resources reported by a fisheries business to the municipality and the value of the fisheries resources reported by the fisheries business to the department under this chapter are substantially the same. If the values are not substantially the same, the department shall permit the mayor, manager, or administrator of the municipality to inspect tax returns filed by the fisheries business with the department under this chapter, or shall furnish to the municipal officer a copy of the tax returns, if the department determines that the municipality provides adequate safeguards for the confidentiality of the returns and that the returns will be used by the municipality only for purposes of collection of its tax levied and collected on fisheries resources. In this subsection, the value of the fisheries resources reported by the fisheries business to the department and the value reported to the municipality are substantially the same if the values are equal or the variance between them does not exceed one percent of the greater value.

Sec. 43.75.135. Additional refund to boroughs and cities. [Repealed, Sec. 13 ch 79 SLA 1979].

Repealed or Renumbered

Sec. 43.75.136. Appropriations to Commercial Fishing and Agriculture Bank. [Repealed, Sec. 20 ch 117 SLA 1981].

Repealed or Renumbered



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Sec. 43.77.045. Fisheries resource landing tax education credit.

(a) In addition to the credit allowed under [AS 43.77.040](#), for cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two- year or four-year college accredited by a regional accreditation association, a person engaged in a floating fisheries business is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(c) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.20.014](#), [AS 43.55.019](#), AS 43.56.018, [AS 43.65.018](#), or [AS 43.75.018](#), exceed \$150,000.

*Sec. 43.77.046. Alaska veterans' memorial endowment fund contribution credit.
[Repealed, Sec. 25 ch 46 SLA 2002].*

Repealed or Renumbered

Sec. 43.77.050. Separate accounting.

(a) *[Repealed, Sec. 28 ch 81 SLA 1996].*

(b) The tax collected under this chapter shall be paid into a separate account in the general fund. The annual balance in the account may be appropriated by the legislature for revenue sharing under AS 43.77.060. The amount of all tax credits approved by the commissioner under [AS 43.77.040](#) (b) shall be deducted from amounts paid to municipalities under [AS 43.77.060](#) (a) - (c).

Sec. 43.77.060. Revenue sharing.

(a) Subject to appropriation by the legislature and except as provided in (b) of this section, the commissioner shall pay to each

(1) unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected from taxes levied under this chapter on the fishery resource landed in the municipality and accounted for under [AS 43.77.050](#) (b);

(2) city located within a borough, 25 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under [AS 43.77.050](#) (b); and

(3) borough

(A) 50 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the area of the borough outside cities and accounted for under [AS 43.77.050](#) (b); and

(B) 25 percent of the amount of the tax revenue collected from taxes levied under this chapter on fishery resources landed in cities located within the borough and accounted for under [AS 43.77.050](#) (b).

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, and subject to appropriation by the legislature, the commissioner shall pay to each

(1) city that is located in a borough incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the city and accounted for under [AS 43.77.050](#) (b):

(A) 45 percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) 40 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) borough that is incorporated after January 1, 1994, the following percentages of the tax revenue collected from taxes levied under this chapter on fishery resources landed in the cities located within the borough and accounted for under [AS 43.77.050](#) (b):

(A) five percent of the tax revenue collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the tax revenue collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the tax revenue collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the tax revenue collected during the third calendar year after the calendar year in which the borough is incorporated.

(c) Notwithstanding the provisions of (b) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (b)(1) of this section to the borough in which the city is located.

(d) To the extent that appropriations are available for the purpose, and notwithstanding the requirement of [AS 37.07.080](#) (e) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter and is not subject to division with a municipality under (a) - (c) of this section shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Commerce, Community, and Economic Development for disbursal to eligible municipalities under [AS 29.60.450](#).

(e) For purposes of this section, tax revenue collected under AS 43.77.010 from a person entitled to a credit under [AS 43.77.035](#) or 43.77.045 shall be calculated as if the person's tax had been collected without applying the credits.

Sec. 43.77.070. Regulations.

The department shall adopt regulations to implement and interpret this chapter.

Sec. 43.77.200. Definitions.

In this chapter,

(1) "community development quota" has the meaning given that term in a regulation adopted by the Office of the Governor, under authority granted by art. III, secs. 1 and 24,

Constitution of the State of Alaska, to implement a program of the North Pacific Fishery Management Council to set aside fisheries resources for community development purposes in western Alaska;

(2) "engages or attempts to engage in a floating fishery business in the state" means conducting in the state an activity as part of an integrated mobile business involving the harvesting or taking, processing, transportation, or delivery of a fishery resource, including transfer of fishery resources or processed products, taking on and disembarking crew, taking on fuel or supplies, obtaining vessel or gear repairs, discharging wastes, seeking protection in sheltered waters, and any other related activity that makes a claim on the resources of the state.

(3) "fishery resource" means finfish, shellfish, and fish by-products, including salmon, halibut, herring, flounder, crab, clams, cod, shrimp, and pollock;

(4) "landing" means the act of unloading or transferring a fishery resource;

(5) "process"

(A) means any activity that modifies the physical condition of the resource, including butchering, freezing, salting, cooking, canning, dehydrating, or smoking;

(B) does not include decapitating shrimp, or gutting, gilling, sliming, washing, or icing a resource solely for the purpose of maintaining the quality of the fresh resource;

(6) "tax" means the fishery resource landing tax levied and collected under this chapter;

(7) "value" means the unprocessed value of the fishery resource based on the statewide average price paid for the fisheries resource as reported during the year to the Department of Fish and Game under AS 16.05.690.

Chapter 43.80. SALMON PRICE REPORTS

Sec. 43.80.010. [Renumbered as [AS 43.99.010](#)].

Repealed or Renumbered

Sec. 43.80.015. [Renumbered as [AS 43.98.015](#)]

Repealed or Renumbered

Sec. 43.80.020. Prosecution for failure to secure license. [Repealed, Sec. 46 ch 113 SLA

1980. For current law, see [AS 43.05.290\(h\)](#)].

Repealed or Renumbered

Sec. 43.80.030. Production of license. [Repealed, Sec. 45 ch 113 SLA 1980].

Repealed or Renumbered

Sec. 43.80.035. Reporting of salmon prices. [Repealed, Sec. 2 ch 49 SLA 1983].

Repealed or Renumbered

Sec. 43.80.040. [Renumbered as [AS 43.99.950](#)].

Repealed or Renumbered

Sec. 43.80.050. Reporting of wholesale salmon prices.

(a) A fish processor engaged in the business of selling salmon products at wholesale and whose business sells more than 1,000,000 pounds of salmon products at wholesale during a calendar year shall submit to the department during the following calendar year, on a form provided by the department, reports of the prices received for and quantity of salmon products sold at wholesale by the processor or an affiliate of the processor. Not later than May 31 of each reporting year, a processor shall submit a report for the period January 1 through April 30 of the reporting year. Not later than September 30 of each reporting year, a processor shall submit a report for the period May 1 through August 31 of the reporting year. Not later than January 31 of each reporting year, a processor shall submit a report for the period September 1 through December 31 of the reporting year.

(b) A report submitted by a processor under (a) or (c) of this section must include

(1) the requested information for the following salmon product forms:

(A) thermally processed salmon products;

(B) fresh headed and gutted salmon products;

(C) fresh fillet salmon products;

(D) frozen headed and gutted salmon products;

(E) frozen fillet salmon products;

(F) salmon roe products;

(2) the requested information regarding the total quantity of each salmon product form sold by providing the total number of

(A) each size of container in which thermally processed salmon products were sold by the processor or its affiliate; and

(B) pounds for each of the other salmon product forms sold by the processor or its affiliate; and

(3) for sales to buyers that are not affiliates of the processor, the total quantity of each salmon product form sold by area of production by species, and the wholesale price received.

(c) A sale to an affiliate of the processor may not be included in a report submitted under this section by a processor. However, the processor shall report sales by an affiliate at wholesale of salmon products that were obtained from the processor. The report must include a description of the products and the total quantity of each salmon product form sold by the affiliate by area of production by species and the wholesale prices received by the affiliate.

(d) Information shall be reported for each size of the container in which the salmon is sold.

(e) A person excluded from the fisheries business tax under AS 43.75.017 is exempt from the requirements of this section.

(f) Each fish processor who submits a report under (a) of this section during a reporting year shall also submit an annual report of the quantity of salmon products produced by the processor or an affiliate of the processor between January 1 and December 31 of the reporting year. The report shall be submitted to the department not later than January 31 of the following reporting year. The report must include

(1) a description of the products and the total quantity of each salmon product form produced by area of production by species for each of the salmon product forms listed in (b)(1) of this section; and

(2) the requested information regarding the total quantity of each salmon product form produced by providing the total number of

(A) each size of container in which thermally processed salmon products were produced by the processor or its affiliate; and

(B) pounds for each of the other salmon product forms produced by the processor or its affiliate.

Sec. 43.80.055. Wholesale price averages; Alaska salmon price report.

(a) Based on the information provided in reports submitted under [AS 43.80.050](#), the department shall determine the average wholesale prices paid to fish processors and their affiliates for the sale of salmon products.

(b) The department shall determine under this section the monthly and annual wholesale price averages for

(1) each species of salmon for each size of the container in which thermally processed salmon products are sold;

(2) each pound of other salmon products by area of production by species by product form.

(c) The department shall publish the average wholesale prices paid for salmon products in a report entitled the "Alaska Salmon Price Report."

Sec. 43.80.060. Report to the legislature.

Not later than March 15 of each year, the department shall make available to the legislature a report of average wholesale prices paid for salmon products and a report of the quantity of salmon products produced during the preceding calendar year. The department shall notify the legislature that the report is available.

Sec. 43.80.065. Confidentiality of reports.

Information in reports submitted under [AS 43.80.050](#), and price averages calculated by the department from the information in the reports, are public information, except that information that identifies or could be used to identify a particular fish processor is confidential.

Sec. 43.80.095. Penalty.

The department may levy and collect a civil penalty of \$50 per day on a fish processor that fails to submit a report as required under [AS 43.80.050](#).

Sec. 43.80.100. Definitions.

In [AS 43.80.050](#) - 43.80.100,

(1) "affiliate of the processor" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the processor;

(2) "area of production" means the area in which a salmon product was processed by a fish processor; in this paragraph, "area" means one of the following areas:

(A) Southeastern and Yakutat;

(B) Prince William Sound;

(C) Cook Inlet;

(D) Kodiak;

(E) Chignik;

(F) Aleutian Islands, Atka-Amlia Islands, and Alaska Peninsula;

(G) Bristol Bay; or

(H) Kuskokwim, Yukon-Northern, Norton Sound-Port Clarence, and Kotzebue;

(3) "container" means the can, pouch, or other similar container in which the salmon is thermally processed;

(4) "control" means

(A) owning directly or indirectly, or having the power to vote, not less than 10 percent of any class of voting securities of a corporation; or

(B) influencing or affecting in any substantive manner the election of a majority of the directors or trustees of a corporation;

(5) "fish processor" means a person engaging or attempting to engage in a business for which a license is required under [AS 43.75.010](#) - 43.75.055;

(6) "produce" means to process salmon into a salmon product;

(7) "reporting year" means the calendar year after the calendar year in which a fish

processor's business sells more than 1,000,000 pounds of salmon products at wholesale;

(8) "thermally processed" means processed by the application of heat to render the salmon free of microorganisms that are capable of reproducing in the salmon under normal nonrefrigerated conditions of storage or distribution.

(9) "wholesale" means the first sale of a salmon product at wholesale after the fishery business tax was paid or became payable on the salmon from which the salmon product was produced.

(10) "wholesale price" includes all receipts, whether in the form of money, credits, or other consideration, from the sale of a salmon product at wholesale, without deduction for the costs of property sold, materials used, insurance, labor, services, labeling, transportation, storage, interest, taxes, losses, or any other expense.

Chapter 43.82. ALASKA STRANDED GAS DEVELOPMENT ACT



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Chapter 43.77. FISHERY RESOURCE LANDING TAX



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Sec. 43.52.295. Definitions.

In [AS 43.52.200](#) - 43.52.295,

(1) "commercial passenger vessel" means a boat or vessel that is used in the common carriage of passengers in commerce; "commercial passenger vessel" does not include

(A) vessels with fewer than 250 berths or other overnight accommodations for passengers;

(B) noncommercial vessels, warships, and vessels operated by the state, the United States, or a foreign government;

(2) "marine water of the state" and "state marine water" have the meaning given to "waters" in [AS 46.03.900](#), except that they include only marine waters;

(3) "passenger" means a person whom a common carrier has contracted to carry from one place to another;

(4) "voyage" means any trip or itinerary lasting more than 72 hours.

Chapter 43.55. OIL AND GAS PRODUCTION TAX AND OIL SURCHARGE

Article 01. OIL AND GAS PRODUCTION TAX

Sec. 43.55.010. Gross production tax. [Repealed, Sec. 9 ch 136 SLA 1977].

Repealed or Renumbered

Sec. 43.55.011. Oil and gas production tax.

(a) *[Repealed, Sec. 34 ch 2 TSSLA 2006].*

(b) *[Repealed, Sec. 34 ch 2 TSSLA 2006].*

(c) *[Repealed, Sec. 34 ch 2 TSSLA 2006].*

(d) *[Repealed, Sec. 18 ch 116 SLA 1981].*

(e) There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state, less any oil and gas the ownership or right to which is exempt from taxation or constitutes a landowner's royalty interest. Except as otherwise provided under (f), (j), (k), and (o) of this section, the tax is equal to the sum of

(1) the annual production tax value of the taxable oil and gas as calculated under [AS 43.55.160](#) (a)(1) multiplied by 25 percent; and

(2) the sum, over all months of the calendar year, of the tax amounts determined under (g) of this section.

(f) The levy of tax under this section for oil and gas produced north of 68 degrees North latitude, other than oil and gas production subject to (i) of this section and gas subject to (o) of this section, may not be less than

(1) four percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than \$25;

(2) three percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over \$20 but not over \$25;

(3) two percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over \$17.50 but not over \$20;

(4) one percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over \$15 but not over \$17.50; or

(5) zero percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is \$15 or less.

(g) For each month of the calendar year for which the producer's average monthly production tax value under [AS 43.55.160](#) (a)(2) per BTU equivalent barrel of the taxable oil and gas is more than \$30, the amount of tax for purposes of (e)(2) of this section is determined by multiplying the monthly production tax value of the taxable oil and gas produced during the month by the tax rate calculated as follows:

(1) if the producer's average monthly production tax value per BTU equivalent

barrel of the taxable oil and gas for the month is not more than \$92.50, the tax rate is 0.4 percent multiplied by the number that represents the difference between that average monthly production tax value per BTU equivalent barrel and \$30; or

(2) if the producer's average monthly production tax value per BTU equivalent barrel of the taxable oil and gas for the month is more than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent multiplied by the number that represents the difference between the average monthly production tax value per BTU equivalent barrel and \$92.50, except that the sum determined under this paragraph may not exceed 50 percent.

(h) *[Repealed, Sec. 66 ch 1 SSSLA 2007].*

(i) There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state the ownership or right to which constitutes a landowner's royalty interest, except for oil and gas the ownership or right to which is exempt from taxation. The provisions of this subsection apply to a landowner's royalty interest as follows:

(1) the tax levied for oil is equal to five percent of the gross value at the point of production of the oil;

(2) the tax levied for gas is equal to 1.667 percent of the gross value at the point of production of the gas;

(3) if the department determines that, for purposes of reducing the producer's tax liability under (1) or (2) of this subsection, the producer has received or will receive consideration from the royalty owner offsetting all or a part of the producer's royalty obligation, other than a deduction under [AS 43.55.020](#) (d) of the amount of a tax paid, then, notwithstanding (1) and (2) of this subsection, the tax is equal to 25 percent of the gross value at the point of production of the oil and gas.

(j) For a calendar year before 2022, the tax levied by (e) of this section for gas produced from a lease or property in the Cook Inlet sedimentary basin may not exceed

(1) for a lease or property that first commenced commercial production of gas before April 1, 2006, the product obtained by multiplying (A) the amount of taxable gas produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable gas produced from the lease or property for the 12-month period ending on March 31, 2006, times (C) the quotient obtained by dividing the total gross value at the point of production of the taxable gas produced from the lease or property during the 12-month period ending on March 31, 2006, by the total amount of that gas;

(2) for a lease or property that first commences commercial production of gas after March 31, 2006, the product obtained by multiplying (A) the amount of taxable gas produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable gas produced from all leases or properties in the Cook Inlet sedimentary basin for the 12-month period ending on March 31, 2006, times (C) the average prevailing value for gas delivered in the Cook Inlet area for the 12-month period ending March 31, 2006, as determined by the department under [AS 43.55.020](#) (f).

(k) For a calendar year before 2022, the tax levied by (e) of this section for oil produced from a lease or property in the Cook Inlet sedimentary basin may not exceed

(1) for a lease or property that first commenced commercial production of oil before April 1, 2006, the product obtained by multiplying (A) the amount of taxable oil produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable oil produced from the lease or property for the 12-month period ending on March 31, 2006, times (C) the quotient obtained by dividing the total gross value at the point of production of the taxable oil produced from the lease or property during the 12-month period ending on March 31, 2006, by the total amount of that oil;

(2) for a lease or property that first commences commercial production of oil after March 31, 2006, the product obtained by multiplying (A) the amount of taxable oil produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable oil produced from all leases or properties in the Cook Inlet sedimentary basin for the 12-month period ending on March 31, 2006, times (C) the average prevailing value for oil produced and delivered in the Cook Inlet area for the 12-month period ending on March 31, 2006, as determined by the department under [AS 43.55.020](#) (f).

(l) *[Repealed, Sec. 66 ch 1 SSSLA 2007].*

(m) Notwithstanding any contrary provision of [AS 38.05.180](#) (i), [AS 41.09.010](#), [AS 43.55.024](#), or 43.55.025, the department shall provide by regulation a method to ensure that, for a calendar year for which a producer's tax liability is limited by (j), (k), or (o) of this section, tax credits otherwise available under [AS 38.05.180](#) (i), AS 41.09.010, [AS 43.55.024](#), or 43.55.025 and allocated to gas subject to the limitations in (j), (k), and (o) of this section are accounted for as though the credits had been applied first against a tax liability calculated without regard to the limitations under (j), (k), and (o) of this section so as to reduce the tax liability to the maximum amount provided for under (j) or (o) of this section for the production of gas or (k) of this section for the production of oil. The regulation must provide for a reasonable method to allocate tax credits to gas subject to (j) and (o) of this section. Only the amount of a tax credit remaining after the accounting

provided for under this subsection may be used for a later calendar year, transferred to another person, or applied against a tax levied on the production of oil or gas not subject to (j), (k), or (o) of this section to the extent otherwise allowed.

(n) *[Repealed, Sec. 66 ch 1 SSSLA 2007].*

(o) Notwithstanding other provisions of this section, for a calendar year before 2022, the tax levied under (e) of this section for each 1,000 cubic feet of gas for gas produced from a lease or property outside the Cook Inlet sedimentary basin and used in the state may not exceed the amount of tax for each 1,000 cubic feet of gas that is determined under (j)(2) of this section.

Sec. 43.55.012. Adjustment in tax rates. [Repealed, Sec. 34 ch 2 TSSLA 2006].

Repealed or Renumbered

Sec. 43.55.013. Economic limit factor. [Repealed, Sec. 34 ch 2 TSSLA 2006].

Repealed or Renumbered

Sec. 43.55.015. Tax per barrel of oil. [Repealed, Sec. 9 ch 136 SLA 1977].

Repealed or Renumbered

Sec. 43.55.016. Gas production tax. [Repealed, Sec. 34 ch 2 TSSLA 2006].

Repealed or Renumbered

Sec. 43.55.017. Relation to other taxes.

(a) Except as provided in this chapter, the taxes imposed by this chapter are in place of all taxes now imposed by the state or any of its municipalities, and neither the state nor a municipality may impose a tax on

(1) producing oil or gas leases;

(2) oil or gas produced or extracted in the state;

(3) the value of intangible drilling and development costs, as described in 26 U.S.C. 263(c) (Internal Revenue Code), as amended through January 1, 1974.

(b) The taxes imposed by this chapter are in place of all taxes imposed by a municipality upon oil or gas in place or nonproducing oil or gas leases or properties.

(c) The taxes imposed by this chapter are not in place of the tax imposed by income taxes, franchise taxes, or taxes upon the retail sale of oil or gas products.

Sec. 43.55.018. Credit against tax. [Repealed, Sec. 18 ch 116 SLA 1981].

Repealed or Renumbered

Sec. 43.55.019. Oil or gas producer education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, a producer of oil or gas is allowed as a credit against the tax due under this chapter

(1) 50 percent of contributions of not more than \$100,000; and

(2) 100 percent of the next \$100,000 of contributions.

(b) *[Repealed, Sec. 12 ch 71 SLA 1991].*

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

(d) A contribution claimed as a credit under this section may not

(1) be claimed as a credit under another provision of this title; and

(2) when combined with credits taken during the taxpayer's tax year under [AS 21.89.070](#), 21.89.075, [AS 43.20.014](#), [AS 43.56.018](#), AS 43.65.018, [AS 43.75.018](#), or [AS 43.77.045](#), exceed \$150,000.

(e) The department may, by regulation, establish procedures by which a taxpayer may allocate a pro rata share of a credit claimed under this section against monthly tax payments made during the tax year.

Sec. 43.55.020. Payment of tax.

(a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i) shall pay the tax as follows:

(1) an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (2) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by [AS 43.55.011](#) (e) for the calendar year, but the amount of the installment payment may not be less than zero:

(A) for oil and gas produced from leases or properties in the state outside the Cook Inlet sedimentary basin but not subject to AS 43.55.011(o), other than leases or properties subject to AS 43.55.011(f), the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under [AS 43.55.011](#) (g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under [AS 43.55.165](#) and 43.55.170 that are deductible for the leases or properties under [AS 43.55.160](#) from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

(B) for oil and gas produced from leases or properties subject to AS 43.55.011(f), the greatest of

(i) zero;

(ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from all leases or properties during the month for which the installment payment is calculated; or

(iii) the sum of 25 percent and the tax rate calculated for the month under [AS 43.55.011](#) (g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under [AS 43.55.165](#) and 43.55.170 that are deductible for those leases or properties under [AS 43.55.160](#) from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated;

(C) for oil and gas produced from each lease or property subject to [AS 43.55.011](#) (j), (k), or (o), the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under [AS 43.55.011](#) (g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under [AS 43.55.165](#) and 43.55.170 that are deductible under [AS 43.55.160](#) for oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;

(2) an amount calculated under (1)(C) of this subsection for oil or gas produced from a lease or property subject to [AS 43.55.011](#) (j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in [AS 43.55.011](#) (j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in [AS 43.55.011](#) (k)(1) or (2), as applicable, for oil, but substituting in [AS 43.55.011](#) (j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in [AS 43.55.011](#) (k)(1)(A) or (2)(A), as applicable, the amount of taxable oil produced during the month for the amount of taxable oil produced during the calendar year;

(3) an installment payment of the estimated tax levied by AS 43.55.011(i) for each lease or property is due for each month of the calendar year on the last day of the following month; the amount of the installment payment is the sum of

(A) the applicable tax rate for oil provided under [AS 43.55.011](#) (i), multiplied by the gross value at the point of production of the oil taxable under [AS 43.55.011](#) (i) and produced from the lease or property during the month; and

(B) the applicable tax rate for gas provided under [AS 43.55.011](#) (i), multiplied by the gross value at the point of production of the gas taxable under [AS 43.55.011](#) (i) and produced from the lease or property during the month;

(4) any amount of tax levied by [AS 43.55.011](#) (e) or (i), net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production.

(b) The production tax on oil and gas shall be paid to the department by or on behalf of the producer.

(c) *[Repealed, Sec. 7 ch 101 SLA 1972].*

(d) In making settlement with the royalty owner for oil and gas that is taxable under [AS 43.55.011](#), the producer may deduct the amount of the tax paid on taxable royalty oil

and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid. If the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner. Unless otherwise agreed between the producer and the royalty owner, the amount of the tax paid under [AS 43.55.011](#) (e) - (g) on taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which

(1) the numerator is the producer's total tax liability under AS 43.55.011(e) - (g) for the calendar year of production; and

(2) the denominator is the total gross value at the point of production of the oil and gas taxable under [AS 43.55.011](#) (e) - (g) produced by the producer from all leases and properties in the state during the calendar year.

(e) Gas flared, released, or allowed to escape in excess of the amount authorized by the Alaska Oil and Gas Conservation Commission is considered, for the purpose of [AS 43.55.011](#) - 43.55.180, as gas produced from a lease or property. Oil or gas used in the operation of a lease or property in the state in drilling for or producing oil or gas, or for repressuring, except to the extent determined by the Alaska Oil and Gas Conservation Commission to be waste, is not considered, for the purpose of [AS 43.55.011](#) - 43.55.180, as oil or gas produced from a lease or property.

(f) If oil or gas is produced but not sold, or if oil or gas is produced and sold under circumstances where the sale price does not represent the prevailing value for oil or gas of like kind, character, or quality in the field or area from which the product is produced, the department may require the tax to be paid upon the basis of the value of oil or gas of the same kind, quality, and character prevailing for that field or area during the calendar month of production or sale.

(g) Notwithstanding any contrary provision of [AS 43.05.225](#), an unpaid amount of an installment payment required under (a)(1) - (3) of this section that is not paid when due bears interest (1) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production, and (2) as provided for a delinquent tax under [AS 43.05.225](#) after that March 31. Interest accrued under (1) of this subsection that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (2) of this subsection. An unpaid amount of tax due under (a)(4) of this section that is not paid when due bears interest as provided for a delinquent tax under [AS 43.05.225](#).

(h) Notwithstanding any contrary provision of [AS 43.05.280](#),

(1) an overpayment of an installment payment required under (a)(1) - (3) of this section bears interest at the rate provided for an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the later of the date the installment payment is due or the date the overpayment is made, until the earlier of

(A) the date it is refunded or is applied to an underpayment; or

(B) March 31 following the calendar year of production;

(2) except as provided under (1) of this subsection, interest with respect to an overpayment is allowed only on any net overpayment of the payments required under (a) of this section that remains after the later of March 31 following the calendar year of production or the date that the statement required under [AS 43.55.030](#) (a) is filed;

(3) interest is allowed under (2) of this subsection only from a date that is 90 days after the later of March 31 following the calendar year of production or the date that the statement required under [AS 43.55.030](#)(a) is filed; interest is not allowed if the overpayment was refunded within the 90-day period;

(4) interest under (2) and (3) of this subsection is paid at the rate and in the manner provided in [AS 43.05.225](#) (1).

*Sec. 43.55.021. Alaska veterans' memorial endowment fund contribution credit.
[Repealed, Sec. 25 ch 46 SLA 2002].*

Repealed or Renumbered

Sec. 43.55.023. Tax credits for certain losses and expenditures.

(a) A producer or explorer may take a tax credit for a qualified capital expenditure as follows:

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under [AS 43.55.160](#) (a), unless a credit for that expenditure is taken under [AS 38.05.180](#) (i), [AS 41.09.010](#), [AS 43.20.043](#), or [AS 43.55.025](#), a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by [AS 43.55.011](#) (e) in the amount of 20 percent of that expenditure; however, not more than half of the tax credit may be applied for a single calendar year;

(2) a producer or explorer may take a credit for a qualified capital expenditure incurred in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2);

(B) submits to the Department of Natural Resources all data that would be required to be submitted under [AS 43.55.025](#) (f)(2).

(b) A producer or explorer may elect to take a tax credit in the amount of 25 percent of a carried-forward annual loss. A credit under this subsection may be applied against a tax levied by [AS 43.55.011](#) (e). For purposes of this subsection, a carried-forward annual loss is the amount of a producer's or explorer's adjusted lease expenditures under [AS 43.55.165](#) and 43.55.170 for a previous calendar year that was not deductible in calculating production tax values for that calendar year under [AS 43.55.160](#).

(c) A credit or portion of a credit under this section may not be used to reduce a person's tax liability under [AS 43.55.011](#) (e) for any calendar year below zero, and any unused credit or portion of a credit not used under this subsection may be applied in a later calendar year.

(d) Except as limited by (i) of this section, a person that is entitled to take a tax credit under this section that wishes to transfer the unused credit to another person or obtain a cash payment under [AS 43.55.028](#) may apply to the department for transferable tax credit certificates. An application under this subsection must be in a form prescribed by the department and must include supporting information and documentation that the department reasonably requires. The department shall grant or deny an application, or grant an application as to a lesser amount than that claimed and deny it as to the excess, not later than 120 days after the latest of (1) March 31 of the year following the calendar year in which the qualified capital expenditure or carried-forward annual loss for which the credit is claimed was incurred; (2) the date the statement required under AS 43.55.030 (a) or (e) was filed for the calendar year in which the qualified capital expenditure or carried-forward annual loss for which the credit is claimed was incurred; or (3) the date the application was received by the department. If, based on the information then available to it, the department is reasonably satisfied that the applicant is entitled to a credit, the department shall issue the applicant two transferable tax credit certificates, each for half of the amount of the credit. The credit shown on one of the two certificates is available for immediate use. The credit shown on the second of the two certificates may not be applied against a tax for a calendar year earlier than the calendar year following the calendar year in which the certificate is issued, and the certificate must contain a conspicuous statement to that effect. A certificate issued under this subsection does not expire.

(e) A person to which a transferable tax credit certificate is issued under (d) of this section may transfer the certificate to another person, and a transferee may further transfer the certificate. Subject to the limitations set out in (a) - (d) of this section, and notwithstanding any action the department may take with respect to the applicant under (g) of this section, the owner of a certificate may apply the credit or a portion of the credit shown on the certificate only against a tax levied by [AS 43.55.011](#) (e). However, a credit shown on a transferable tax credit certificate may not be applied to reduce a transferee's total tax liability under [AS 43.55.011](#) (e) for oil and gas produced during a calendar year to less than 80 percent of the tax that would otherwise be due without applying that credit. Any portion of a credit not used under this subsection may be applied in a later period.

(f) *[Repealed, Sec. 67 ch 1 SSSLA 2007]*.

(g) The issuance of a transferable tax credit certificate under (d) of this section or the purchase of a certificate under [AS 43.55.028](#) does not limit the department's ability to later audit a tax credit claim to which the certificate relates or to adjust the claim if the department determines, as a result of the audit, that the applicant was not entitled to the amount of the credit for which the certificate was issued. The tax liability of the applicant under [AS 43.55.011](#) (e) and 43.55.017 - 43.55.180 is increased by the amount of the credit that exceeds that to which the applicant was entitled, or the applicant's available valid outstanding credits applicable against the tax levied by [AS 43.55.011](#) (e) are reduced by that amount. If the applicant's tax liability is increased under this subsection, the increase bears interest under [AS 43.05.225](#) from the date the transferable tax credit certificate was issued. For purposes of this subsection, an applicant that is an explorer is considered a producer subject to the tax levied by [AS 43.55.011](#) (e).

(h) Regulations adopted to implement this section must include provisions prescribing reporting, record keeping, and certification procedures and requirements to verify the accuracy of credits claimed and to ensure that a credit is not used more than once.

(i) For the purposes of this section,

(1) a producer's or explorer's transitional investment expenditures are the sum of the expenditures the producer or explorer incurred after March 31, 2001, and before April 1, 2006, that would be qualified capital expenditures if they were incurred after March 31, 2006, less the sum of the payments or credits the producer or explorer received before April 1, 2006, for the sale or other transfer of assets, including geological, geophysical, or well data or interpretations, acquired by the producer or explorer as a result of expenditures the producer or explorer incurred before April 1, 2006, that would be qualified capital expenditures, if they were incurred after March 31, 2006;

(2) a producer or explorer that did not have commercial production of oil or gas

from a lease or property in the state before January 1, 2008, may elect to take a tax credit against a tax levied by AS 43.55.011(e) in the amount of 20 percent of the producer's or explorer's transitional investment expenditures, but only to the extent that the amount does not exceed 1/10 of the producer's or explorer's qualified capital expenditures that were incurred after March 31, 2006, and before January 1, 2008;

(3) a producer or explorer may not take a tax credit for a transitional investment expenditure

(A) for any calendar year after 2013;

(B) more than once; or

(C) if a credit for that expenditure was taken under AS 38.05.180(i), [AS 41.09.010](#), [AS 43.20.043](#), or [AS 43.55.025](#);

(4) notwithstanding (d), (e), and (g) of this section, a producer or explorer may not transfer a tax credit or obtain a transferable tax credit certificate for a transitional investment expenditure.

(j) As a condition of receiving a tax credit under this section, a producer or explorer that obtains the tax credit for or directly related to a pipeline, facility, or other asset that is or becomes subject to regulation by the Federal Energy Regulatory Commission, the Regulatory Commission of Alaska, or a successor regulatory body shall at all times support and in all rate proceedings file to flow through 100 percent of the tax credits to ratepayers as a reduction in the costs of service for the pipeline, facility, or other asset.

(k) An entity that is exempt from taxation under this chapter may not apply for a transferable tax credit certificate.

(l) In this section, "qualified capital expenditure"

(1) means, except as otherwise provided in (2) of this subsection, an expenditure that is a lease expenditure under [AS 43.55.165](#) and is

(A) incurred for geological or geophysical exploration; or

(B) treated as a capitalized expenditure under 26 U.S.C. (Internal Revenue Code), as amended, regardless of elections made under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, and is

(i) treated as a capitalized expenditure for federal income tax reporting purposes by the person incurring the expenditure; or

(ii) eligible to be deducted as an expense under 26 U.S.C. 263(c) Internal Revenue Code), as amended;

(2) does not include an expenditure incurred to acquire an asset (A) the cost of previously acquiring which was a lease expenditure under AS 43.55.165 or would have been a lease expenditure under [AS 43.55.165](#) if it had been incurred after March 31, 2006; for purposes of this subparagraph, "asset" includes geological, geophysical, and well data and interpretations; or (B) that has previously been placed in service in the state; an expenditure to acquire an asset is not excluded under this paragraph if not more than an immaterial portion of the asset meets a description under this paragraph.

Sec. 43.55.024. Additional nontransferable tax credits.

(a) For a calendar year for which a producer's tax liability under [AS 43.55.011](#) (e) on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, exceeds zero before application of any credits under this chapter, a producer that is qualified under (e) of this section may apply a tax credit against that liability of not more than \$6,000,000.

(b) A producer may not take a tax credit under (a) of this section for any calendar year after the later of

(1) 2016; or

(2) the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, 2016, from at least one lease or property in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, if the producer did not have commercial oil or gas production from a lease or property in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, before April 1, 2006.

(c) For a calendar year for which a producer's tax liability under [AS 43.55.011](#) (e) exceeds zero before application of any credits under this chapter, other than a credit under (a) of this section but after application of any credit under (a) of this section, a producer that is qualified under (e) of this section and whose average amount of oil and gas produced a day and taxable under [AS 43.55.011](#) (e) is less than 100,000 BTU equivalent barrels a day may apply a tax credit under this subsection against that liability. A producer whose average amount of oil and gas produced a day and taxable under [AS 43.55.011](#) (e) is

(1) not more than 50,000 BTU equivalent barrels may apply a tax credit of not more than \$12,000,000 for the calendar year;

(2) more than 50,000 and less than 100,000 BTU equivalent barrels may apply a tax credit of not more than \$12,000,000 multiplied by the following fraction for the calendar year:

$$1 - [2 \times (AP - 50,000)] \div 100,000$$

where AP = the average amount of oil and gas taxable under AS 43.55.011(e), produced a day during the calendar year in BTU equivalent barrels.

(d) A producer may not take a tax credit under (c) of this section for any calendar year after the later of

(1) 2016; or

(2) if the producer did not have commercial oil or gas production from a lease or property in the state before April 1, 2006, the ninth calendar year after the calendar year during which the producer first has commercial oil or gas production before May 1, 2016, from at least one lease or property in the state.

(e) On written application by a producer that includes any information the department may require, the department shall determine whether the producer qualifies for a calendar year under this section. To qualify under this section, a producer must demonstrate that its operation in the state or its ownership of an interest in a lease or property in the state as a distinct producer would not result in the division among multiple producer entities of any production tax liability under [AS 43.55.011](#) (e) that reasonably would be expected to be attributed to a single producer if the tax credit provisions of (a) or (c) of this section did not exist.

(f) A tax credit authorized by (a) of this section may not be applied to reduce a producer's tax liability for any calendar year under [AS 43.55.011](#) (e) on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, below zero.

(g) A tax credit authorized by (c) of this section may not be applied to reduce a producer's tax liability for any calendar year under [AS 43.55.011](#) (e) below zero.

(h) An unused tax credit or portion of a tax credit under this section is not transferable and may not be carried forward for use in a later calendar year.

Sec. 43.55.025. Alternative tax credit for oil and gas exploration.

(a) Subject to the terms and conditions of this section, a credit against the production

tax due under [AS 43.55.011](#) (e) or (f) is allowed for exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

(1) 20 percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

(2) 20 percent of the total exploration expenditures for work performed before July 1, 2007, and that qualify only under (b) and (d) of this section;

(3) 40 percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section; or

(4) 40 percent of the total exploration expenditures that qualify only under (b) and (e) of this section.

(b) To qualify for the production tax credit under (a) of this section, an exploration expenditure must be incurred for work performed on or after July 1, 2003, and before July 1, 2016, except that an exploration expenditure for a Cook Inlet prospect must be incurred for work performed on or after July 1, 2005, and

(1) may be for seismic or geophysical exploration costs not connected with a specific well;

(2) if for an exploration well,

(A) must be incurred by an explorer that holds an interest in the exploration well for which the production tax credit is claimed;

(B) may be for either an oil or gas discovery well or a dry hole; and

(C) must be for goods, services, or rentals of personal property reasonably required for the surface preparation, drilling, casing, cementing, and logging of an exploration well, and, in the case of a dry hole, for the expenses required for abandonment if the well is abandoned within 18 months after the date the well was spudded;

(3) may not be for testing, stimulation, or completion costs; administration, supervision, engineering, or lease operating costs; geological or management costs; community relations or environmental costs; bonuses, taxes, or other payments to governments related to the well; or other costs that are generally recognized as indirect costs or financing costs; and

(4) may not be incurred for an exploration well or seismic exploration that is included in a plan of exploration or a plan of development for any unit on May 13, 2003.

(c) To be eligible for the 20 percent production tax credit authorized by (a)(1) of this section or the 40 percent production tax credit authorized by (a)(3) of this section, exploration expenditures must

(1) qualify under (b) of this section; and

(2) be for an exploration well, subject to the following:

(A) for an exploration well other than a well that is described in (B) of this paragraph, the well must be located and drilled in such a manner that the bottom hole is located not less than three miles away from the bottom hole of a preexisting suspended, completed, or abandoned oil or gas well; in this subparagraph, "preexisting" means a well that was spudded more than 150 days but less than 35 years before the exploration well was spudded;

(B) for an exploration well that explores a Cook Inlet prospect, the well must be located at least three miles from any other well drilled for oil and gas with all distances measured as the horizontal distance between exploration targets, except that the exploration well that is located within three miles of a well drilled for oil and gas qualifies for the tax credit authorized by this subsection if the exploration well tests potential hydrocarbon traps that the commissioner of natural resources determines, after analyzing evidence submitted by the explorer and from other information that the commissioner of natural resources determines relevant, constitute a distinctly separate exploration target.

(d) To be eligible for the 20 percent production tax credit authorized by (a)(2) of this section or the 40 percent production tax credit authorized by (a)(3) of this section, an exploration expenditure must

(1) qualify under (b) of this section; and

(2) be for an exploration well that is located not less than 25 miles outside of the outer boundary, as delineated on July 1, 2003, of any unit that is under a plan of development, except that for an exploration well for a Cook Inlet prospect to qualify under this paragraph, the exploration well must be located not less than 10 miles outside the outer boundary, as delineated on July 1, 2003, of any unit that is under a plan of development.

(e) To be eligible for the 40 percent production tax credit authorized by (a)(4) of this section, the exploration expenditure must

(1) qualify under (b) of this section;

(2) be for seismic exploration; and

(3) have been conducted outside the boundaries of a production unit or an exploration unit; however, the amount of the expenditure that is otherwise eligible under this subsection is reduced proportionately by the portion of the seismic exploration activity that crossed into a production unit or an exploration unit.

(f) For a production tax credit under this section,

(1) an explorer shall, in a form prescribed by the department and within six months of the completion of the exploration activity, claim the credit and submit information sufficient to demonstrate to the department's satisfaction that the claimed exploration expenditures qualify under this section;

(2) an explorer shall agree, in writing,

(A) to notify the Department of Natural Resources, within 30 days after completion of seismic or geophysical data processing, completion of a well, or filing of a claim for credit, whichever is the latest, for which exploration costs are claimed, of the date of completion and submit a report to that department describing the processing sequence and providing a list of data sets available; if, under (c)(2)(B) of this section, an explorer submits a claim for a credit for expenditures for an exploration well that is located within three miles of a well already drilled for oil and gas, in addition to the submissions required under (1) of this subsection, the explorer shall submit the information necessary for the commissioner of natural resources to evaluate the validity of the explorer's claim that the well is directed at a distinctly separate exploration target, and the commissioner of natural resources shall, upon receipt of all evidence sufficient for the commissioner to evaluate the explorer's claim, make that determination within 60 days;

(B) to provide to the Department of Natural Resources, within 30 days after the date of a request, specific data sets, ancillary data, and reports identified in (A) of this paragraph;

(C) that, notwithstanding any provision of AS 38, information provided under this paragraph will be held confidential by the Department of Natural Resources for 10 years following the completion date, at which time that department will release the information after 30 days' public notice;

(3) if more than one explorer holds an interest in a well or seismic exploration, each explorer may claim an amount of credit that is proportional to the explorer's cost incurred;

(4) the department may exercise the full extent of its powers as though the explorer were a taxpayer under this title, in order to verify that the claimed expenditures are qualified exploration expenditures under this section; and

(5) if the department is satisfied that the explorer's claimed expenditures are qualified under this section, the department shall issue to the explorer a production tax credit certificate for the amount of credit to be allowed against production taxes due under AS 43.55.011(e) or (f).

(g) An explorer, other than an entity that is exempt from taxation under this chapter, may transfer, convey, or sell its production tax credit certificate to any person, and any person who receives a production tax credit certificate may also transfer, convey, or sell the certificate.

(h) A producer that purchases a production tax credit certificate may apply the credits against its production tax liability under [AS 43.55.011](#) (e) or (f). Regardless of the price the producer paid for the certificate, the producer may receive a credit against its production tax liability for the full amount of the credit, but for not more than the amount for which the certificate is issued. A production tax credit allowed under this section may not be applied more than once.

(i) For a production tax credit under this section,

(1) the amount of the credit that may be applied against the production tax for each calendar year may not exceed the total production tax liability under [AS 43.55.011](#) (e) or (f) of the taxpayer applying the credit for the same calendar year; and

(2) an amount of the production tax credit that is greater than the total tax liability under [AS 43.55.011](#) (e) or (f) of the taxpayer applying the credit for a calendar year may be carried forward and applied against the taxpayer's production tax liability under AS 43.55.011(e) or (f) in one or more immediately following calendar years.

(j) Notwithstanding any other provision of this title, of AS 31.05, or of [AS 40.25.100](#), the department shall provide to the Department of Natural Resources information submitted with a claim under this section to support the eligibility of an exploration expenditure, including seismic exploration data and well data, and any information described in (f)(2) of this section received by the department.

(k) In this section,

(1) *[Repealed, Sec. 34 ch 2 TSSLA 2006]*.

(2) "Cook Inlet prospect" means a location within the Cook Inlet sedimentary basin, as that term is defined by regulation adopted to implement [AS 38.05.180](#) (f)(4);

(3) *[Repealed, Sec. 34 ch 2 TSSLA 2006]*.

Sec. 43.55.028. Oil and gas tax credit fund established; cash purchases of tax credit certificates.

(a) The oil and gas tax credit fund is established as a separate fund of the state. The purpose of the fund is to purchase certain transferable tax credit certificates issued under [AS 43.55.023](#) and certain production tax credit certificates issued under [AS 43.55.025](#).

(b) The oil and gas tax credit fund consists of

(1) money appropriated to the fund, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by [AS 43.55.011](#) that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17(a), Constitution of the State of Alaska; and

(2) earnings on the fund.

(c) The applicable percentage for a fiscal year under (b)(1) of this section is determined with reference to the average price or value forecast by the department for Alaska North Slope oil sold or otherwise disposed of on the United States West Coast during the fiscal year for which the appropriation of revenue from taxes levied by [AS 43.55.011](#) is made. If that forecast is

(1) \$60 a barrel or higher, the applicable percentage is 10 percent;

(2) less than \$60 a barrel, the applicable percentage is 15 percent.

(d) The department shall manage the fund.

(e) The department, on the written application of the person to whom a transferable tax credit certificate has been issued under AS 43.55.023(d) or a production tax credit certificate has been issued under [AS 43.55.025](#) (f), may use available money in the oil and gas tax credit fund to purchase, in whole or in part, the certificate if the department finds that

(1) the calendar year of the purchase is not earlier than the first calendar year for which the credit shown on the certificate would otherwise be allowed to be applied against a tax;

(2) within 24 months after applying for the transferable tax credit certificate or filing a claim for the production tax credit certificate, the applicant incurred a qualified capital expenditure or was the successful bidder on a bid submitted for a lease on state land under [AS 38.05.180](#) (f);

(3) the amount expended for the purchase would not exceed the total of qualified capital expenditures and successful bids described in (2) of this subsection that have not been the subject of a finding made under this paragraph for purposes of a previous purchase of a certificate;

(4) the applicant does not have an outstanding liability to the state for unpaid delinquent taxes under this title;

(5) the applicant's total tax liability under [AS 43.55.011](#) (e), after application of all available tax credits, for the calendar year in which the application is made is zero;

(6) the applicant's average daily production of oil and gas taxable under [AS 43.55.011](#) (e) during the calendar year preceding the calendar year in which the application is made was not more than 50,000 BTU equivalent barrels; and

(7) the purchase is consistent with this section and regulations adopted under this section.

(f) Money in the fund remaining at the end of a fiscal year does not lapse and remains available for expenditure in successive fiscal years.

(g) The department may adopt regulations to carry out the purposes of this section, including standards and procedures to allocate available money among applications for purchases the total amount of which exceeds the amount of available money in the fund.

(h) Nothing in this section creates a dedicated fund.

(i) In this section, "qualified capital expenditure" has the meaning given in [AS 43.55.023](#).

Sec. 43.55.030. Filing of statements.

(a) A producer that produces oil or gas from a lease or property in the state during a calendar year, whether or not any tax payment is due under [AS 43.55.020](#) (a) for that oil or gas, shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) a description of each lease or property from which oil or gas was produced, by name, legal description, lease number, or accounting codes assigned by the department;

(2) the names of the producer and, if different, the person paying the tax, if any;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property, and the percentage of the gross amount of oil and gas owned by the producer;

(4) the gross value at the point of production of the oil and of the gas produced from each lease or property owned by the producer and the costs of transportation of the oil and gas;

(5) the name of the first purchaser and the price received for the oil and for the gas, unless relieved from this requirement in whole or in part by the department;

(6) the producer's qualified capital expenditures, as defined in AS 43.55.023, other lease expenditures under [AS 43.55.165](#), and adjustments or other payments or credits under [AS 43.55.170](#);

(7) the production tax values of the oil and gas under [AS 43.55.160](#);

(8) any claims for tax credits to be applied; and

(9) calculations showing the amounts, if any, that were or are due under [AS 43.55.020](#) (a) and interest on any underpayment or overpayment.

(b) *[Repealed, Sec. 11 ch 101 SLA 1972]*.

(c) *[Repealed, Sec. 11 ch 101 SLA 1972]*.

(d) Reports required under this section are delinquent the first day following the day the report is due. The person required to file the report is liable for a penalty, as determined by the department under standards adopted in regulation by the department, of not more than \$1,000 for each day the person fails to file the report at the time required. The penalty is in addition to the penalties in AS 43.05.220 and 43.05.290 and is assessed, collected, and paid in the same manner as a tax deficiency under this title. In this subsection, "report" includes a statement.

(e) An explorer or producer that incurs a lease expenditure under [AS 43.55.165](#) or receives a payment or credit under [AS 43.55.170](#) during a calendar year but does not produce oil or gas from a lease or property in the state during the calendar year shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) the producer's qualified capital expenditures, as defined in AS 43.55.023, other

lease expenditures under [AS 43.55.165](#) , and adjustments or other payments or credits under [AS 43.55.170](#) ; and

(2) if the explorer or producer receives a payment or credit under AS 43.55.170, calculations showing whether the explorer or producer is liable for a tax under [AS 43.55.160](#) (d) or 43.55.170(b) and, if so, the amount.

(f) The department may require a producer, an explorer, or an operator of a lease or property to file monthly reports, as applicable, of

- (1) the amounts and gross value at the point of production of oil and gas produced;
- (2) transportation costs of the oil and gas;
- (3) any unscheduled interruption of, or reduction in the rate of, oil or gas production;
- (4) lease expenditures and adjustments under [AS 43.55.165](#) and 43.55.170;
- (5) joint interest billings;
- (6) contracts for the sale or transportation of oil or gas;

(7) information and calculations used in determining monthly installment payments of estimated tax under [AS 43.55.020](#) (a); and

(8) other records and information the department considers necessary for the administration of this chapter.

Sec. 43.55.040. Powers of Department of Revenue.

Except as provided in [AS 43.05.405](#) - 43.05.499, the department may

(1) require a person engaged in production and the agent or employee of the person, and the purchaser of oil or gas, or the owner of a royalty interest in oil or gas to furnish, whether by the filing of regular statements or reports or otherwise, additional information that is considered by the department as necessary to compute the amount of the tax; notwithstanding any contrary provision of law, the disclosure of additional information under this paragraph to the producer obligated to pay the tax does not violate [AS 40.25.100](#) (a) or AS 43.05.230(a); before disclosing information under this paragraph that is otherwise required to be held confidential under [AS 40.25.100](#) (a) or [AS 43.05.230](#) (a), the department shall

(A) provide the person that furnished the information a reasonable opportunity to be heard regarding the proposed disclosure and the conditions to be imposed under (B) of this paragraph; and

(B) impose appropriate conditions limiting

(i) access to the information to those legal counsel, consultants, employees, officers, and agents of the producer who have a need to know that information for the purpose of determining or contesting the producer's tax obligation; and

(ii) the use of the information to use for that purpose;

(2) examine the books, records, and files of the person;

(3) conduct hearings and compel the attendance of witnesses and the production of books, records, and papers of any person;

(4) make an investigation or hold an inquiry that is considered necessary to a disclosure of the facts as to

(A) the amount of production from any oil or gas location, or of a company or other producer of oil or gas; and

(B) the rendition of the oil and gas for taxing purposes;

(5) require a producer, an explorer, or an operator of a lease or property to file reports and copies of records that the department considers necessary to forecast state revenue under this chapter; in the case of reports and copies of records relating to proposed, expected, or approved unit expenditures for a unit for which one or more working interest owners other than the operator have authority to approve unit expenditures, the required reports and copies of records are limited to those reports or copies of records that constitute or disclose communications between the operator and the working interest owners relating to unit budget matters;

(6) require a producer that has an average total production in the state of more than 100,000 barrels a day for a calendar year to report the gross value at the point of production of the producer's taxable oil and gas in the state for a calendar year and the total amount of lease expenditures in the state for that calendar year; and

(7) assess against a person required under this section to file a report, statement, or other document a penalty, as determined by the department under standards adopted in regulation by the department, of not more than \$1,000 for each day the person fails to file the report, statement, or other document after notice by the department; the penalty is in

addition to any penalties under [AS 43.05.220](#) and 43.05.290 and is assessed, collected, and paid in the same manner as a tax deficiency under this title; the penalty shall bear interest at the rate specified under [AS 43.05.225](#) (1).



Title 43. REVENUE AND TAXATION

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Sec. 43.20.042. Special industrial incentive investment tax credits.

(a) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for a gas processing project: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for an investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "gas processing project" means the integrated plant, facilities, and equipment, including pollution control equipment, used for preparation of consumer or transportation gas, or for conditioning, fractionation, storage, handling or processing of a product, other than crude oil, of an oil or gas well, into liquefied natural gas, methanol, ammonia, urea, olefins, propanes, butanes, polymers and intermediate hydrocarbon products; it does not include a pipeline from oil and gas wells to or from a plant and facilities.

(b) Subject to (c) of this section, for purposes of calculating eligible taxes the taxpayer may apply as a credit against eligible taxes the following percentage of the investment credit allowed as to federal taxes under 26 U.S.C. 38 (Internal Revenue Code) on only the first \$250,000,000 of qualified investment in the state for each taxable year after December 31, 1984, for exploration, drilling of wells, development, or mining of the minerals and other natural deposits listed in 26 U.S.C. 613(b) (Internal Revenue Code) other than sand or gravel unless the mining of sand or gravel is ancillary to a mining development involving a qualified natural deposit other than sand or gravel: (1) 100 percent on the first \$50,000,000 of qualified investment; (2) 80 percent on qualified investment over \$50,000,000 but not exceeding \$100,000,000; (3) 70 percent on qualified investment over \$100,000,000 but not exceeding \$150,000,000; (4) 60 percent on qualified investment over \$150,000,000 but not exceeding \$200,000,000; and (5) 40 percent on qualified investment over \$200,000,000 but not exceeding \$250,000,000. A credit may not be allowed under this subsection for any investment credit that is allowed as to federal taxes for leased property by reason of 26 U.S.C. 168(f)(8) (Internal Revenue Code). In this subsection, "mining" has the meaning given in 26 U.S.C. 613(c)(2) (Internal Revenue Code).

(c) A taxpayer may not claim an investment tax credit under (a) or (b) of this section unless the gas processing project or mining project began operation and production after

December 31, 1984. A gas processing or mining project is considered to have begun operation and production when the first product or mineral is produced that is ultimately either sold or transferred for further processing or ultimate use.

(d) A taxpayer may not claim an additional investment tax credit under [AS 43.20.036](#)(b) for an investment for which a special industrial incentive investment tax credit is claimed under (a) or (b) of this section.

(e) If a taxpayer making an investment that qualifies for the investment tax credit under this section is a member of a group of affiliated corporations filing a consolidated return under the provisions of this chapter, the amount of the investment tax credit that may be claimed on the consolidated return is limited to the amount the taxpayer making the qualified investment would have been eligible to claim had a consolidated return not been filed.

(f) The investment tax credit per taxable year allowed by (a) and (b) of this section may not exceed 60 percent of the eligible tax liability. Any unused portion of the investment tax credit shall be subject to the carry forward provisions in 26 U.S.C. 46(b) (3) (Internal Revenue Code) except that the unused credit may not be carried forward to tax years beginning after December 31, 1999.

(g) Except as provided in (f) of this section, a tax credit under this section may not be claimed on investments made after December 31, 1994.

(h) In this section "eligible taxes" means the total tax liability of a taxpayer for the annual taxes due under the provisions of this chapter and AS 43.65.

Sec. 43.20.043. Gas exploration and development tax credit.

(a) Subject to the terms and conditions of this section, and in addition to any other credit authorized to the taxpayer by this chapter, a taxpayer that is an operator or working interest owner directly engaging in the exploration for and development of gas may apply as a credit against the state tax liability that may be imposed on the taxpayer under this chapter, for a tax year beginning after December 31, 2002,

(1) 10 percent of the taxpayer's qualified capital investment; and

(2) 10 percent of the annual cost incurred by the taxpayer for qualified services in the state during each tax year for which a credit is allowable for a qualified capital investment under (1) of this subsection.

(b) Expenditures qualifying for the taxpayer's qualified investment credit under (a) (1) of this section must be

(1) cash expenditures or binding payment agreements entered into after June 30, 2003; and

(2) made for assets first placed in service in the state in or before the tax year in which the credit is claimed through the date the reserves produce gas for sale and delivery; for purposes of this paragraph, "placed in service in the state" means that the first use of the qualified investment is in this state; if the property on which the claim of the credit is based has been used elsewhere in the tax year of acquisition and is brought to this state during that year or a subsequent year, the property does not qualify for the investment credit.

(c) The credit per tax year allowed by (a) of this section may not exceed 50 percent of the taxpayer's total tax liability under this chapter, but shall be calculated before the application of any other credits allowed under this chapter. An unused portion of the credit for the tax year

(1) may be carried forward into one or more of the following tax years, except that the unused credit from one tax year may not be carried forward for more than five following tax years;

(2) shall be applied to the taxpayer's tax liability under this chapter during the following tax year before allowance of a credit allowed by (a) of this section for that following tax year.

(d) To obtain the credit allowed by this section, the taxpayer shall, with the taxpayer's tax return, submit, on a form prescribed by the department, information that demonstrates that the taxpayer is eligible for the credit and evidence of the expenses that are the basis of the claim of the credit. The taxpayer has the burden of demonstrating compliance with the requirements of this section to entitle the taxpayer to the claim of and the amount of the credit.

(e) A taxpayer entitled to a credit under this section

(1) may not convey, assign, or transfer the credit to another taxpayer or business entity unless the conveyance, assignment, or transfer of the credit is part of the conveyance, assignment, or transfer of the taxpayer's business;

(2) forfeits the credit to which the taxpayer is entitled during the tax year and any carryover of it under (c) of this section, but does not forfeit the portion of the credit that accrued in a previous taxable year that may be carried over under (c) of this section, if the taxpayer

(A) disposes of the qualified capital investment;

(B) takes the qualified investment out of service; or

(C) transfers the qualified investment out of this state.

(f) A taxpayer is not entitled to a credit under this section for expenditures that are made or incurred for the qualified capital investment or for qualified services made for exploration and development of gas that occur in the area of Alaska lying north of 68 degrees North latitude or that are made or incurred to transport gas from reserves located in the area of Alaska lying north of 68 degrees North latitude.

(g) A taxpayer who obtains a credit under this section may not claim a tax credit or royalty modification provided for under any other title. However, a taxpayer may, at the taxpayer's election, forgo a credit under this section in order to continue to qualify for a credit provided for in another title.

(h) For purposes of determining allowable credits under this section, the department shall allow only expenditures and payments that are not inconsistent with the expenditures authorized under 26 U.S.C. (Internal Revenue Code) for exploration and development of natural resources.

(i) In this section,

(1) "qualified capital investment" means a cash expenditure or binding payment agreement, as described in (b)(1) of this section, for real property or tangible personal property used in this state in the exploration and development of gas reserves in a gas reservoir for which there has not been commercial production if the reserves produce gas for sale and delivery; in this paragraph, "property" includes

(A) property used in the operation or maintenance of facilities for exploration or development of gas;

(B) property that is placed in use under a capitalized lease or an operating lease; and

(C) the following property used for the exploration and development of gas:

(i) machinery, appliances, supplies, and equipment;

(ii) drilling rigs, wells, gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;

(iii) roads, docks and other port facilities, and helicopter pads;

(iv) maintenance equipment and facilities, and maintenance camps and other related facilities; and

(v) communications facilities owned by a person whose principal business in the state is the exploration for or development of gas and whose operation of the communications facilities directly relates to the conduct of that business;

(2) "qualified services"

(A) means expenditures for labor, seismic, and other services that are directly applicable to a qualified capital investment;

(B) does not include lease operating expenses.

Sec. 43.20.044. Exploration incentive credit.

(a) A taxpayer may apply as a credit against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30.

(b) In a tax year in which a taxpayer applies against the tax levied under this chapter the exploration incentive credit authorized by AS 27.30, the commissioner shall require the taxpayer to submit the accounting of mining operation activities form required by AS 27.30.030(b).

Sec. 43.20.045. Proration of part-year resident and nonresident individual credits. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Article 02. ALLOCATION AND APPORTIONMENT

Sec. 43.20.050. Taxpayer liable. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.051. Income from sources in the state of nonresident partners.

In determining the source of a nonresident partner's income, effect may not be given to a provision in the partnership agreement that

(1) characterizes payments to the partner as being for services or for the use of capital;

(2) allocates to the partner, as income or gain from sources outside the state, a greater proportion of the partner's distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside the state to partnership income or gain from all sources; or

(3) allocates to the partner a greater proportion of a partnership item of loss or deduction connected to Alaska sources than the partner's proportionate share, for federal income tax purposes of partnership loss or education generally.

Sec. 43.20.060. Direct allocation. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.061. Credit for taxes paid another state. [Repealed, Sec. 10 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.065. Allocation and apportionment.

A taxpayer who has income from business activity that is taxable both inside and outside the state or income from other sources both inside and outside the state shall allocate and apportion net income as provided in AS 43.19 (Multistate Tax Compact), or as provided by this chapter.

Sec. 43.20.070. Employees of interstate carriers. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.071. Transportation carriers.

(a) All business income of water transportation carriers shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by the following:

(1) the numerator of the property factor is the sum of the value for property in a fixed location, including buildings and land used in the business, and intrastate equipment and personal property determined according to AS 43.19 (Multistate Tax Compact), and the value of interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the property factor is determined according to AS 43.19 (Multistate Tax Compact);

(2) the numerator of the payroll factor is the sum of the wages and salaries of employees assigned to fixed locations determined according to AS 43.19 (Multistate Tax

Compact) and the wages and salaries of employees assigned to interstate mobile property determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator of the payroll factor is determined in accordance with AS 43.19 (Multistate Tax Compact);

(3) the numerator of the sales factor is the sum of all revenues from intrastate activities and revenues from interstate activities determined on a days-spent-in-ports basis as provided in (4) of this subsection; the denominator is determined in accordance with AS 43.19 (Multistate Tax Compact);

(4) the portions of the numerator of the property, payroll, and sales factors which are directly related to interstate mobile property operations are determined by a ratio which the number of days spent in ports inside the state bears to the total number of days spent in ports inside and outside the state; the term "days spent in ports" does not include periods when ships are tied up because of strikes or withheld from Alaska service for repairs, or because of seasonal reduction of service; days in port are computed by dividing the total number of hours in all ports by 24.

(b) The department shall, by regulation, adopt formulas to ensure that the total income subject to apportionment under this chapter has been apportioned only to those states having jurisdiction to tax the income. Transportation carriers other than water carriers shall apportion their income to the state by means of the formulas adopted by the department.

Sec. 43.20.072. Oil and gas producers and pipelines.

(a) All business income of a taxpayer engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state shall be apportioned to this state in accordance with AS 43.19 (Multistate Tax Compact) as modified by this section.

(b) A taxpayer's business income to be apportioned under this section to the state shall be the federal taxable income of the taxpayer's consolidated business for the tax period, except that

(1) taxes based on or measured by net income that are deducted in the determination of the federal taxable income shall be added back; the tax levied and paid under AS 43.55 may not be added back;

(2) intangible drilling and development costs that are deducted as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) in the determination of the federal taxable income shall be capitalized and depreciated as if the option to treat them as expenses under 26 U.S.C. 263(c) (Internal Revenue Code) had not been exercised;

(3) depletion deducted on the percentage depletion basis under 26 U.S.C. 613 (Internal Revenue Code) in the determination of the federal taxable income shall be recomputed and deducted on the cost depletion basis under 26 U.S.C. 612 (Internal Revenue Code); and

(4) depreciation shall be computed on the basis of 26 U.S.C. 167 (Internal Revenue Code) as that section read on June 30, 1981.

(c) A taxpayer's business income shall be apportioned to this state by multiplying the taxpayer's income determined under (b) of this section by the apportionment factor applicable to the taxpayer among the following factors:

(1) the apportionment factor of a taxpayer subject to this section but not engaged in the production of oil and gas, or of gas only, as appropriate, from a lease or property in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under AS 43.19 (Multistate Tax Compact) and the sales factor under (d) of this section for the taxpayer for that tax period, and the denominator of which is two;

(2) the apportionment factor of a taxpayer subject to this section but not engaged in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the property factor under (e) of this section and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is two;

(3) the apportionment factor of a taxpayer engaged both in the production of oil or gas from a lease or property in this state and in the pipeline transportation of oil or gas in this state during the tax period is a fraction, the numerator of which is the sum of the sales factor under (d) of this section, the property factor under (e) of this section, and the extraction factor under (f) of this section for the taxpayer for the tax period, and the denominator of which is three.

(d) The sales factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer for transporting oil or gas by pipeline in this state, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer in this state, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding those sales already included in the tariffs described in (A) of this paragraph; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the tariffs allowed and received by or for the taxpayer's consolidated business for transporting oil or gas by pipeline everywhere, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer's consolidated business everywhere, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding those sales already included in the tariffs described in (A) of this paragraph.

(e) Unless otherwise specified in this section, the property factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26 U.S.C. 263(c) (Internal Revenue Code), for the taxpayer's producing oil and gas wells in this state; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the average value, determined under AS 43.19 (Multistate Tax Compact), of the real and tangible personal property everywhere owned or rented and used by the taxpayer's consolidated business during the tax period; and

(B) the cumulative intangible drilling and development costs capitalized or expensed for federal income tax purposes under 26 U.S.C. 263(c) (Internal Revenue Code), for the producing oil and gas wells everywhere of the taxpayer's consolidated business.

(f) The extraction factor of a taxpayer subject to this section is a fraction,

(1) the numerator of which is the sum of the following for the tax period:

(A) the number of barrels of the taxpayer's oil (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state; and

(B) one-sixth of the number of Mcf of the taxpayer's gas (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer in this state, excluding reinjected gas; and

(2) the denominator of which is the sum of the following for the tax period:

(A) the number of barrels of oil of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere; and

(B) one-sixth of the number of Mcf of gas of the taxpayer's consolidated business (net of royalty to an unrelated party) produced from or allocated to leases or properties of the taxpayer's consolidated business everywhere, excluding reinjected gas.

(g) A taxpayer that has signed a contract approved by the legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the legislature in implementing the purposes of AS 43.82, providing for payments in lieu of the tax under this chapter and that has nexus with the state solely as the result of the taxpayer's participation in the approved qualified project that is subject to the contract or would not, but for such participation, be engaged in the production of oil or gas from a lease or property in this state or engaged in the transportation of oil or gas by pipeline in this state, is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "barrel" means the quantity of oil contained in 42 United States gallons of 231 cubic inches each, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(2) "consolidated business" means a corporation or group of corporations having more than 50 percent common ownership, direct or indirect, or a group of corporations in which there is common control, either direct or indirect, as evidenced by any arrangement, contract, or agreement; the requirements of this chapter apply whether or not the taxpayer is the parent or controlling corporation;

(3) "federal taxable income" means taxable income as the term is used in [AS 43.20.011](#) - 43.20.065;

(4) "gas" means all hydrocarbons produced that are not defined as oil, including all liquid hydrocarbons extracted at a gas processing plant;

(5) "lease or property" has the meaning given it by the department in its regulations;

(6) "Mcf " means the quantity of gas contained in 1,000 cubic feet of space, measured at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65

pounds per square inch; and

(7) "oil" means crude petroleum oil and other hydrocarbons, regardless of API gravity, which are produced in liquid form, including the liquid hydrocarbons sometimes known as distillate or condensate which are recovered by separation from gas other than at a gas processing plant.

Sec. 43.20.073. Affiliated groups.

(a) A corporation that is a member of an affiliated group shall file a return using the water's edge combined reporting method. A return under this section must include the following corporations if the corporations are part of a unitary business with the filing corporation:

(1) an affiliated corporation that is eligible to be included in a federal consolidated return under 26 U.S.C. 1501 - 1505 (Internal Revenue Code) if the corporation's property, payroll, and sales factors in the United States average

(A) 20 percent or more; or

(B) under 20 percent, if the corporation does not meet the requirements of 26 U.S.C. 861(c);

(2) a domestic international sales corporation; in this paragraph, "domestic international sales corporation" has the meaning given in 26 U.S.C. 992(a);

(3) a foreign sales corporation; in this paragraph, "foreign sales corporation" has the meaning given to the term "FSC" in 26 U.S.C. 922(a);

(4) a corporation, regardless of the place where the corporation was incorporated, if the corporation's property, payroll, and sales factors in the United States average 20 percent or more;

(5) a corporation that is incorporated in or does business in a country that does not impose an income tax, or that imposes an income tax at a rate lower than 90 percent of the United States income tax rate on the income tax base of the corporation in the United States, if

(A) 50 percent or more of the sales, purchases, or payments of income or expenses, exclusive of payments for intangible property, of the corporation are made directly or indirectly to one or more members of a group of corporations filing under the water's edge combined reporting method;

(B) the corporation does not conduct significant economic activity.

(b) When computing taxable income for a corporation under (a) of this section, the following amounts shall be excluded:

(1) 80 percent of dividend income received from foreign corporations;

(2) an amount treated as a dividend under 26 U.S.C. 78;

(3) 80 percent of the royalties accrued or received from a foreign corporation.

(c) In (b)(1) and (3) of this section, a payment is considered to be received from a corporation that is part of the unitary business if the payment is received

(1) by a member of an affiliated group included in a water's edge combined report filed under this section; and

(2) from a corporation in which the recipient owns 50 percent or more of the stock of the corporation.

(d) Dividends and royalties taxable to a corporation using the water's edge combined reporting method are in lieu of an expense attribution for income excluded under (b) of this section.

(e) The department may require a corporation that files under (a) of this section to file a report under [AS 43.20.065](#) - 43.20.071 prepared without regard to this section if the corporation or an affiliated corporation

(1) fails to comply with regulations adopted under this chapter, including domestic disclosure spread sheet filing requirements; or

(2) does not provide information that is requested by the department that is necessary for the department to audit the taxpayer's corporate return in a reasonable period of time.

(f) This section does not apply to taxpayers subject to AS 43.20.072 engaged in

(1) the production of oil or gas from a lease or property in the state; or

(2) the transportation of oil or gas by regulated pipeline in the state.

(g) A corporation that has signed a contract approved by the legislature as a result of submission of a proposed contract developed under AS 43.82 or as a result of acts by the

legislature in implementing the purposes of AS 43.82, providing for payments in lieu of the tax under this chapter and that has nexus with the state solely as the result of the corporation's participation in the approved qualified project that is subject to the contract is not required to file a return under this section unless required to do so by the contract.

(h) In this section,

(1) "affiliated corporation" means a member of an affiliated group to which the taxpayer filing a return under (a) of this section belongs;

(2) "affiliated group" means a group of two or more corporations in which 50 percent or more of the voting stock of each member of the group is directly or indirectly owned by one or more corporate or noncorporate common owners, or by one or more of the members of the group;

(3) "foreign corporation" means a corporation created or organized outside of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a possession of the United States;

(4) "water's edge combined reporting method" means a reporting method in which the only corporations besides the taxpayer that may be included in the return are the corporations listed in (a) of this section.

Sec. 43.20.080. - 43.20.140. Allocation of nonbusiness income; net rents and royalties; capital gains and losses; interests and dividends; patent and copyright royalties; allocation of business income; apportionment by commissioner. [Repealed, Sec. 13 ch 70 SLA 1975].

Repealed or Renumbered

Sec. 43.20.150. Definitions. [Repealed, Sec. 45 ch 113 SLA 1980].

Repealed or Renumbered

Article 03. ADMINISTRATION

Sec. 43.20.160. Administration.

(a) The department shall administer this chapter.

(b) *[Repealed, Sec. 45 ch 113 SLA 1980].*

(c) The department shall prescribe and furnish all necessary forms, and adopt and

publish all necessary regulations in plain and concise language conformable with this chapter for the assessment and collection of the taxes imposed by this chapter. The department shall apply as far as practicable the administrative and judicial interpretations of the federal income tax law. The department shall also prepare a concise statement of the contents of the code sections referred to in this chapter for the information of the taxpayer and make them available to the taxpayer making a return.

(d) All money collected by the department under this chapter shall be deposited in the general fund of the state.

(e) *[Repealed, Sec. 10 ch 1 SSSLA 1980].*

Sec. 43.20.170. Collection of income tax at source. [Repealed, Sec. 11 ch 1 SSSLA 1980].

Repealed or Renumbered

Sec. 43.20.172. Information required of fish processors and buyers. [Repealed, Sec. 16 ch 82 SLA 1982].

Repealed or Renumbered



Title 43. REVENUE AND TAXATION

Chapter 43.20. ALASKA NET INCOME TAX ACT